reason

Free Minds and Free Markets / July 1983 / $2.00

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Myths About Natural Gas Decontrol

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M I N I - S I Z E

MAXI-SOUND

ADD A DYNAMIC NEW DIMENSION TO YOUR WALKAROUND STEREO WITH AMAZING MI-FI™ AMPLIFIED SPEAKERS!

Personal walkaround stereos have changed the listening habits of over five million Americans in the past few years. One of the most successful selling items in the history of hi-fi, walkarounds combine exceptional sound with a lightweight, compact size that allows for maximum mobility while listening.

Now Microfidelity has taken the same concept of micro-technology that produced the walkaround players and applied it to the new MI-FI MFS-6300 micro loudspeakers. Our MFS-6300 speakers plug into any 120V AC receptacle and turn your walkaround into a total miniature component system that delivers exceptional sound anywhere—without headphones!

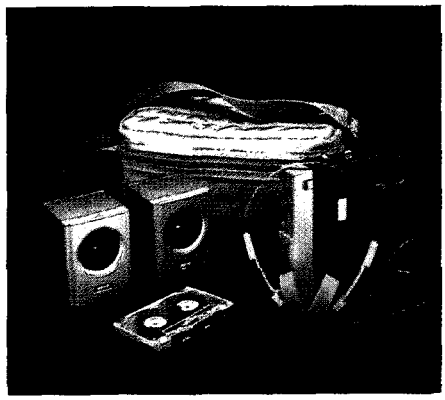
Ours Exclusively

The MFS-6300 mini-speakers are made exclusively for Microfidelity. Unlike similar speakers you may have seen, the *MFS-6300 speakers have a built in 3½ watt microchip amplifier in each speaker.* This extra boost in power combined with the "state-of-the-art" polymer-impregnated long fiber diaphragms produces a staggering amount of *true amplified stereo* sound from a remarkably small source. Small enough to fit in the palm of your hand, the MFS-6300 speakers give you high output, wide response and low distortion, all in a size that's truly hard to believe. They are made of heavy die cast aluminum so they're strong, durable and free from harmonic vibrations which are common in look alike plastic models. They plug into *any* personal stereo cassette or FM stereo player and are provided with an integral protection circuit as well as an additional non-amplified input so you can use them with your home system. Maximum power handling is 20 watts per channel through the non-amplified section.

Features of the MFS-6300 micro loudspeakers	
Frequency Response:	200-20,000 Hz
Speaker Impedence:	6 ohms
Maximum Input:	20 watts
Sound Pressure Level:	84 db/W/m
Dimensions:	3½"(H)x2¾"(W)x2¾"(D)
Weight per Speaker:	1½ lbs. (.675 kg.)
Power Requirements:	12 V DC with adaptor supplied

Listen To What MI-FI Owners Are Saying ...

- **"State-of-the-art!"**
- **"Amazing reproduction for the size of speakers."**
- **"I think they are a really good product and I would recommend them to anyone. I love them!"**
- **"Outrageous! Excellent!"**
- **"Fabulous"**
- **"I expected a lot from reading the ad—I was not disappointed."**
- **"Excellent product. Very pleased."**



How Good Are They?

Thousands of people have heard our MI-FI speakers and their initial reaction is almost always the same. First they smile. Then they shake their heads in disbelief and then they grin! Until you actually hear the MFS-6300s yourself, it's difficult to imagine how very good they are. Try them for yourself and see with our no risk offer. We'll send you a pair of MFS-6300s for $69 plus $5.95 shipping. If you're not completely satisfied just return them within 30 days *and we'll refund your purchase price in full!*

The Complete Package

If you don't already own a walkaround cassette player we can send you the MFS-6300 speakers plus a MI-FI MFC-7400 cassette player for $169 plus $6.95 shipping. The cassette player operates on 3 AA batteries and is supplied with superlight open-air type headphones. And, when you buy the complete system we'll throw in a handsome carry case with shoulder strap absolutely *FREE!*

The Microfidelity Guarantee: If for any reason you are not completely satisfied with any Microfidelity product, just return it to us in the original package in good condition within 30 days and we'll refund your purchase price in full.

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☐ Send MFK-1370 system @ $169 plus $6.95 delivery.
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Signature _____
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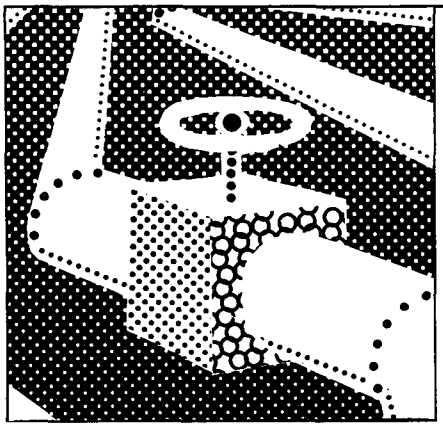
FIFTEENTH ANNIVERSARY YEAR

JULY 1983/VOL. 15, NO. 3

reason

Free Minds and Free Markets

FEATURES



Burning questions 23

INFLAMMATORY RHETORIC
Decontrolling the price of natural gas would lead to astronomic prices, mass unemployment, and worse—so say some prominent consumer advocates. Who are these self-styled "authorities"—and why can't we believe their so-called studies?
By Milton Copulos **23**

THE FREEDOM FACTOR
How political and economic liberty figure into the war-and-peace equation.
By R. J. Rummel **32**

MISTER ED GOES TO WASHINGTON
What sort of politician do voters prefer—laid-back media stars or publicity-shy hard workers? New York Mayor Ed Koch's record as congressman yields the answer.
By James L. Payne **37**

Peace calculus 32

Feminism's firsts 39

THE TRUE MOTHERS OF FEMINISM
Angelina and Sarah Grimké and America's other early defenders of woman's rights would have little in common with today's mainstream feminists.
By Wendy McElroy **39**

Curing the common code 43

NO-CODE COMFORT
If building codes are the only guarantee of safe housing, why aren't Houston-area homes the dangerous contraptions conventional wisdom says they should be?
By Dick Bjornseth **43**

DEPARTMENTS

EDITORIAL/A Textbook Case of Bunk **6**
VIEWPOINT/The Things That Don't Die **48**
TAXES/Working Couples **50**
SPOTLIGHT/Tracking the Road's Rules **52**

NOTES **4**
LETTERS **10**
BRICKBATS **12**
TRENDS **14**
ARTS & LETTERS **54**
RUDEBARBS **66**

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NOTEs

Privatization continues to gain national visibility, thanks to the work of the Reason Foundation. The most recent example occurred in April when *Newsweek* did a one and a half page story titled "Want to Buy a Fire Dept.?" (April 25, p. 55). Photos above the headline featured private fire departments in action in Scottsdale, Arizona, and Grants Pass, Oregon, with the latter photo the same one we had used as the lead for our March cover story. *Newsweek* obtained much of the information in the article from two hour-long interviews with me in which I discussed the work of our Local Government Center, plus copies of our November 1982 (police contracting in Reminderville, Ohio) and March 1983 (fire services competition in Grants Pass, Oregon) issues.

ABC News quickly followed up on the *Newsweek* story. *World News Tonight* sent camera crews to Scottsdale and Grants Pass and taped an interview with economist Steve Hanke, a frequent REASON contributor. At press time, the report had not yet aired.

Our January cover story exposing SEC censorship of financial newsletters continues to have impact. The *Wall Street Journal* agreed with our assessment in a March 15 editorial, "Trashing the First." Syndicated columnist Steve Chapman of the *Chicago Tribune* did a hard-hitting column on the SEC and press freedom in April, citing the REASON article. And Sen. Jesse Helms (R-N.C.) has asked the General Accounting Office to investigate SEC expenditures for regulation of the media, saying that he is "deeply concerned about the Securities and Exchange Commission's efforts relating to the licensing of financial magazines and newsletters."

In "Free-Lance Transit" last November, Gabriel Roth recounted case after case of economical, responsive transit services being provided by entrepreneurs, without subsidy, in major cities overseas. As we noted then, the article was based on a terrific new book by Roth and George Wynne called *Free Enterprise Urban Transportation*, published by the Council for International Urban Liaison (818 18th St., NW, Washington, DC 20006). A number of our readers attempted to order copies of the Roth/Wynne book from the council, only to learn that it was "unavailable." Why? It seems that UMTA—the Urban Mass Transportation Administration—had funded part of the research that went into the book and that UMTA bureaucrats were upset that the book criticized as "a somewhat illogical position" UMTA's determination to continue providing capital grants to US metropolitan transit agencies while phasing out operating subsidies. UMTA, therefore, had ordered the council not to sell the book, even though thousands of copies had been printed!

Enter REASON magazine. We called the UMTA bureaucrat responsible for the decision, asking what had happened and when the book would be available so our readers could purchase copies. Startled by the fact that the press was aware of this little attempt at censorship, the bureaucrat promised to look into the matter. Recently we checked back with the council and learned that—lo and behold!—the embargo had suddenly been lifted and the council was now filling orders.

Sometimes a single article can make a profound difference. One such case was Roland Kidwell's story on the harassment of the National Institute for Rehabilitation Engineering (Aug. 1981). As we reported here earlier, the publicity from our story helped ward off further state harassment of NIRE and eventually led to a settlement. NIRE director Don Selwyn has written to tell us that "if it had not been for REASON, NIRE would have been utterly destroyed." As it is, though, the organization has managed only barely to survive. Though it is no longer being harassed by the state, the state agencies that used to purchase devices and services from NIRE have experienced sharp budget cuts and no longer do so. NIRE has survived thanks to a lot of volunteer effort and a few small grants from industry. It recently devised an affordable talking typewriter for the blind—priced at between $1,000 and $2,000 rather than $6,000 to $13,000. But sales have been slow, probably because of the recession. NIRE is a tax-exempt public charity, so your contribution to help with its efforts to develop technological aids for the handicapped will be tax-deductible. Send it to the National Institute for Rehabilitation Engineering, 97 Decker Road, Butler, NJ 07405.

—R. P.

Earn As Much As You Need.

My name is John Chriswell and if someone had told me two years ago I would Pioneer a New Money-Making Program that can bring you an income of up to $3,000 dollars a week, I would have never believed them.

Earn Up To $3,000 One Week
Then Take Three Weeks Off!

Earn up to $500 A Week; Weekends Only!
Earn up to $2,000 A Week; Evenings Only!
Earn up to $3,000 A Week; Weekdays Only!

Start and Stop the program when ever you need money. When you need $1,000 put the program into operation. When you have earned $1,000 stop the program. It's that simple.

Last year I engaged my "Money-Making Program" FOUR times over an eight month period and took in:

$10,500 in 21 days
$25,040 in 49 days
$47,350 in 67 days
$72,470.59 in 103 days.

That's over $150,000.00 in eight month's time. Not bad for someone with No formal education or special training.

Ok, What Is The Secret?

It is NOT a Chain Letter Scheme! Or any of that nonsense.

It has NOTHING to do with buying or selling Real Estate, there is **NO door to door or telephone selling.** There is NO Gambling or "Luck" involved.

I am speaking of a **New Money-Making Program** *that HAS NEVER BEFORE been* published in any Book, Newspaper, Or Magazine. It is a **New Approach** to making a lot of money, that **you can start from your own home, or office**, *working part time only if you* like, and the best part is, you **DON'T** have to give up your present job to start it, but in two month's time I'll bet you will want to.

Let me explain my Rags to Riches story:

I stumbled upon this New Money-Making Program by accident while doing research at the Library of Congress.

Several Millionaires residing in California and New York City had put together a Fantastic program for making money in Large amounts, quickly, but the hitch was you had to have Big bucks to start the program."That left me out."

I took the information I had found home with me and after months of work I developed a way to eliminate the large capital investment. A step the millionaires had over looked. I perfected my "Money-Making Program" into a profitable formula, one that could be engaged with a small investment and could start bringing in $3,000 a week for the next four years.

Earn Up To $12,000 One Month
Then Take Two Months Off

It Has Absolutely NOTHING To Do With The Stock Market or any Form of Gambling.

It is a "Money-Making Program" that has a proven track record and it is very profitable.

I showed a man in New York City, how it works, he now applies the program fives times a year, making over $5,000 dollars each time he engages it. ($25,000 A Year Part Time)

It Is Not A Pyramid Game!

I wouldn't insult your intelligence.

Remember, It Is Perfectly Legal!

No, it has nothing to do with working for someone else. It is Your Business and all the money you make is yours to keep. It is NOT a Pyramid Scheme or any of those "envelope-stuffing businesses" you read so much about. It is a legitimate Business that can produce up to $12,000 a MONTH if you apply the program I've developed and, most important, it does Not require a College Education or any Specialized Business Knowledge to get started.

Earn Up To $24,000 In 60 Days

I realize you are skeptical at this point and you have a perfect right to be. I know in the past, you have probably been exposed to money-making plans, but when you tried to put them into operation you found out you were EITHER working for someone else or you would have to *invest several thousand dollars to start them.*

Let me assure you by saying:

This Business is entirely yours! It's Easy to Operate, It's Uncomplicated! And all the money you make is yours to keep.

My money-making program makes use of little-known professional SECRETS that are very precise, and are tailor made for each individual.

They Are Easily Engaged From Your Own Home.

Let me explain how well it works:

I put my "money-making program" into operation four times last year and deposited $150,865.43 in my checking account. (My Certified Public Account, *in Oakton, Virginia has* my financial statements in his office to prove it.) Last month, to prove to you again how well it works, I deposited $1,800 in crisp $100 dollar bills in my checking account. NOT over several weeks or days, but the whole **One Thousand Eight Hundred Dollars In ONE Day.** (The President of my bank has my checking account records in his office to prove it.)

Testimonials

I would be more than happy to provide you with Hundreds of testimonials, if I had them.
But, I don't.
I would be lying to you if I told you I did.

This New Approach To Making Money is Brand New!

Up to this point, I have shared it with only a handful of friends and family members across the country.

The one I mentioned above and three others:

$4,000 In Two Weeks!

"When you called me a few months ago and told me of your New Program, I thought you were some kind of Nut. *I admit, I have known you for over five years.* But, when you asked me to send you $10 for information about a new program that would bring in over $12,000 in the next 30 days, that was asking a little too much of our friendship. WOW! Am I glad I did. You were right! I didn't do as well as you, but as you know I have several *kids under my feet every time I turn around. I made* $4,870.00 the first two weeks, using your methods, and I could have easily doubled that if I had put in more time."

D. G., Herndon, Virginia

You Weren't Kidding

"When my friend told me about your program I thought it was one of those Get Rich Quick Schemes to con people. I Was Wrong! Please accept my apologies. It has changed my life. Today, I have money in the bank for a change and I have just finished remodeling my home to the tune of several thousand dollars which I would have *never been able to do without your program.*"

Margaret Hanes, Ft. Lauderdale, Florida

I Am Impressed!

"Let me level with you. I sent you my check for $10 in desperation. I thought what can I lose, since you wouldn't cash my check for thirty days anyway. I was right. Your plan was delivered to me today and I am impressed. It is truly worth the ten bucks and I can't wait to get started."

R.C.S., New York, N.Y.

I Won't Sell It To Everyone!

I am not going to sit here and tell you this New Program is offered to anyone who sends in $10. **It is NOT!** I won't sell it to anyone residing outside of the United States of America.

I am tired of seeing New American Ideas being copied by other countries and then put into operation on such a mass scale that no one can make a dime. I put too much time into developing this one to see that happen. In fact, while I am on the subject, I would appreciate it if you keep it a Secret from your friends, neighbors and fellow office workers. It is just too valuable to pass around for free.

Important Parts of The Program

If you are thinking to yourself at this point, "I don't make enough to start a new venture?" Let me cover these important parts of the Program again. This program is designed so you DON'T have to borrow any Capital to engage it. I was laid-off by my employer and my wife and our two children had to struggle "just to get by" when we started the program. You are NOT working for anyone but yourself. You DON'T have to invest in any inventory or products from some mail-order company.

It Is Perfectly Legal!

And there is NO risk, because I won't cash your $10 check or money-order for 30 days AFTER I've sent you my program. **I Guarantee it!**

The program is written in step-by-step form with over 35 Pictures and Illustrations to make it easy to read and easy to follow. You will find after you receive it that you DON'T need a College Education or Specialized Business Knowledge. *Men and women, from any part of* the country, can engage this step-by-step program and begin bringing in an income of up to $3,000 a week at Home.

What If I Want To Send It Back?

That's All Right! Whatever your reasons. If you feel my Program is not worth at least $12,000 and you decide to return my materials, I will send you a complete refund in the next day's mail. No Hassle! and No Questions asked. I guarantee it!

If you are still skeptical? POSTDATE YOUR CHECK FOR 30 DAYS FROM NOW. (That will give you plenty of time to look over the program and find out I have been completely sincere in what I've been telling you.) I won't cash your *check or money-order for thirty days AFTER I* have sent you my materials. Use the information and put the Step-by-Step plan into action, for that period, and if you are not satisfied, just send the materials back and I will return your check UNCASHED.

© John Chriswell 1983

John Chriswell
100 Glenn Drive
Dept. RR-77, P.O. Box 139
Sterling, Virginia 22170

OK John. I still have doubts that your plan will work for me, but what do I have to lose. Send me a copy of *$25,000 Dollars For A Few Hours Work Doesn't Seem Fair,* only with the understanding that you will not deposit my post dated check or money order for 30 days after your materials are mailed to me. If I am not satisfied for any reason, I simply return the materials and you will return my check Uncashed. On that basis here is my ten dollars.

Name_____

Address_____

City_____

State _____ Zip _____

All orders are mailed within 24 hours.

Robert Poole, Jr.

A Textbook Case of Bunk

"The educational foundations of our society are being eroded by a rising tide of mediocrity that threatens our very future as a nation and as a people." So declared that National Commission on Excellence in Education. And a chorus of editorial page writers quickly agreed with the commission's gloomy assessment.

What's amazing is that it has taken so long for the dismal failure of public schooling to be officially acknowledged. Back in 1977, Hudson Institute analyst Frank Armbruster spelled out the decade of decline in achievement test scores between the 1960s and the 1970s—at the very time that public school budgets were soaring and class size was shrinking. Real per-pupil spending increased from $553 in 1950 to $1,523 in 1976. Yet by virtually every measure of performance, public schools were accomplishing far less by the 1970s.

Functional illiteracy has soared, especially among minorities. Academic content has declined dramatically, with few schools requiring much math or science and very few even requiring homework. Discipline has gone out the window, and in many schools vandalism and violence are the order of the day.

The most important question to ask in assessing this educational mess is: *Why?* After tripling expenditures for public schooling and following all the educational reformers' prescriptions (higher salaries, more counselors, smaller classes, more electives), why has the system failed so completely? Incredibly, the national commission ducked this question, presumably to avoid offending those at fault. Yet the likelihood of the commission's common-sensical reforms succeeding cannot be assessed unless we understand why the earlier reforms failed.

The fundamental reason for the public schools' failure is their monopoly status. To understand why this is so, imagine for a moment that schooling were provided by competing companies, offering their services in the marketplace. How long would a school last if it hired teachers who could not compose coherent sentences, gave them tenure, and promoted them based on longevity rather than merit? How long would a school last if its principal could not maintain order and discipline—but other, competing principals could? In short, if parents could vote with their dollars, paying only for schools that delivered, would we have anything like the current educational results?

Yet today's public school system has no real competition, and hence there is no consumer sovereignty. In functional terms, it exists not to turn out educated children but to provide secure jobs for teachers and administrators. It has become the very model of a self-serving, self-perpetuating bureaucracy—thanks to automatic funding from taxes, regardless of results, and the nearly complete absence of competition (since those who want to utilize private schools must also pay for public schools).

What makes an effective school is no secret. A strong principal, a clear sense of institutional purpose, an orderly climate, high expectations, and objective performance measurement is one set of ground rules enunciated by Prof. Ronald Edwards of Michigan State. It is these characteristics that lead to a concentration on serious coursework, regular homework, and the other sensible suggestions of the national commission. Only a handful of public schools exhibit these characteristics. But, according to Prof. Chester Finn of Vanderbilt University, this set of features "virtually describes the typical Catholic school. They have a clear sense of purpose, strong leadership, discipline, they assign homework, they have high expectations for their students, and they promote based on performance."

Yet the typical Catholic school spends less than $1,000 per pupil, and some as little as $400 or $500. By contrast, public school spending these days averages between $2,000 and $3,000 per pupil. How do Catholic and other private schools do it? For one thing, they pay market wages to teachers—about half as much as demanded by the teachers' union cartels that dominate public schools. They get by without hordes of counselors and administrators (often over 40 percent of a public school's payroll). Yet the quality of education they provide is demonstrably higher than that of the public schools.

And they *don't* achieve these results by taking only middle-class pupils. Most urban parochial schools today have very high levels of lower-income and minority students. In fact, parents often pull a disruptive, poorly achieving child out of public school and send him to a Catholic school to straighten him out. James S. Coleman's detailed 1981 comparison of public and private schools found that when factors such as income, ethnic group, and other demographics were controlled for, the typical private school did a much better job than the typical public school. Another study, by sociologist Andrew Greeley, found that the pupils benefiting most from parochial schools are minorities.

Under what conditions are we likely to get schools that have competent teachers and high academic standards, schools that actually work? Not by following the conventional wisdom and throwing more money at the educational incompetents who gave us today's public school fiasco. (The National Educational Association, blatantly enough, called the commission's report "exciting"—presumably because of the NEA's conclusion that implementing its recommendations will, as the NEA told reporters, require "additional billions of dollars—and a big boost from the Federal Government.")

It need not cost a penny more to require homework, discipline, performance testing, and academic rigor. Even paying more to attract math and science teachers could be accomplished by not giving raises in other fields and utilizing savings from declining enrollments. But these sensible reforms will be staunchly resisted by the teachers' unions and educational bureaucracy. Instead, additional billions will be used to perpetuate today's flawed system.

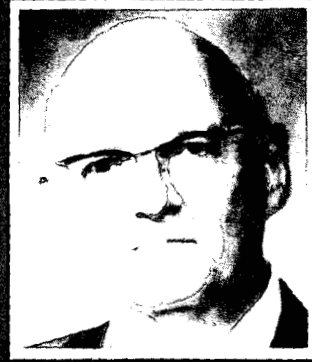
Unless...unless, that is, the public school monopoly is broken, once and for all. If public schools were paid by their customers, on an even footing with private schools, only then would *real* reform be likely. That is why some sort of voucher or tax-credit system is the only real hope for quality education in America. When *all* parents—not just those who are willing to "pay twice"—can choose schools based on results, only then will we end up with schools that really work.

Robert Poole, Jr.

DJIA rise to 1510 by mid-1984?

Or have we seen the best of this bull market which will end with a devastating wave of inflation and a 28% prime rate?

Gerald R. Ford



Robert M. Bleiberg

Stan Weinstein

Harry Browne

Charles Allmon

RECOMMENDATIONS

The economic transition from deflation or "disinflation" to inflation as the Fed desperately pumps new money (liquidity) into our teetering banking system will create market volatility. There can be no long-term recommendations. Timing is as important as an understanding of where recent Fed actions and all the hidden economic trends are taking the future value of your investments.

Plan now to attend:

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July 20-24, 1983

The St. Francis Hotel
San Francisco, California

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- ☐ The Kondratieff Cycles: The Outlook for 1984, *Donald J. Hoppe*
- ☐ Will Our Monetary System be Salvaged? *Nicholas L. Deak*
- ☐ Ten Best Tax Shelters for 1983, *J. Chandler Peterson*
- ☐ Should you Hedge Against Reflation? *Robert M. Bleiberg*
- ☐ Keys to Smart Investment Strategy, *Julian M. Snyder*

WHAT YOUR SEMINAR TUITION INCLUDES

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- ☐ Stimulating panel discussions, debates & roundtables
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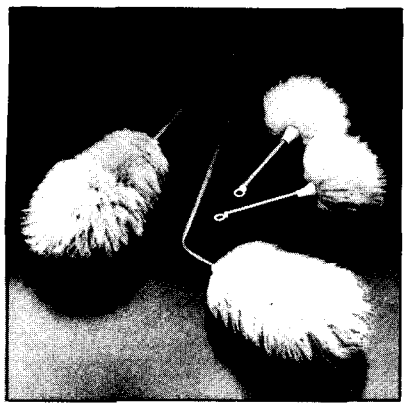

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If we ever compile a book on *The Old Ways That Were Better Ways,* we will certainly include a chapter on lambswool dusters. These remarkable implements originated, the best we can tell, in 19th-century England where they quickly put the feather duster to shame. On its own lambswool actually attracts and holds dust like a magnet. The static charge in the wool causes dust literally to leap off surfaces where it has accumulated, making these dusters just the thing for dusting bric-a-brac, china, crystal, pictures and other fragile items. Recently we were introduced to two exciting new versions of our old time favorite, the mini-duster and the bent-handled duster. The standard 27" long duster costs **$7.00** ($1.95) #A780; the bent-handled model is **$8.00** ($1.95) #A781; two mini-dusters cost **$8.00** ($1.95) #A794. We can send you the entire group, a total of four dusters, for just **$16.00** ($2.95) #A783.

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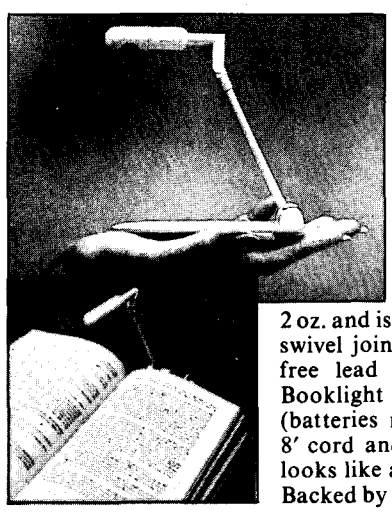
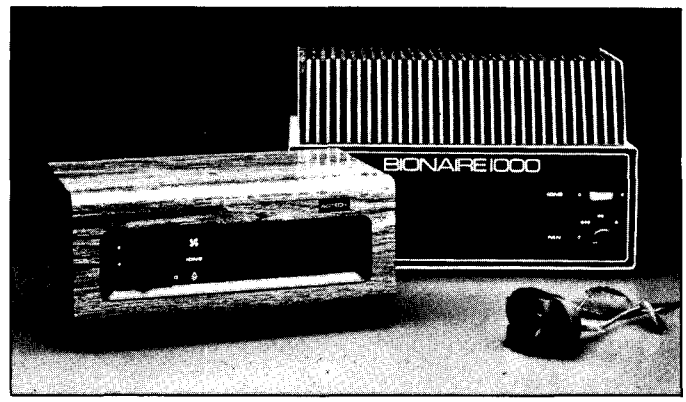
The latest microelectronic wonder is an FM tuner the size of a credit card, so small it slips right into a shirt or vest pocket. It weighs all of 3 oz., earphones included, and is ½" thick. It performs like a tuner many times its size and will fill your head with clean-cut full-bodied sound. The specs tell the story: Frequency response from 330-15000 Hz. 30 milliwatts per channel. Full band width frequency range 88-108 MHz. State-of-the-art circuitry. Padded microearphones with samarium-cobalt magnet and 46" cord fit comfortably inside the ear. On/Off switch. Volume control. LED stereo indicator. The radio is powered by 2 AAA batteries (not included). It comes in a suedecloth drawstring pouch for only **$27.00** ($2.95) #A755.



BOOK LIGHT

Here's a new tool just on the market that will brighten the life of any bookreader. It is a light that clips right on the book or magazine you are reading, flooding the open pages with a cool strong light ideal for reading. The light weighs just a bit over 2 oz. and is attentively crafted with two swivel joints and a special distortion-free lead crystal optical bulb. The Booklight comes with a battery pack (batteries not included), AC adapter, 8' cord and spare bulb in a box that looks like a book **$29.00** ($3.95) #A685. Backed by a one-year limited warranty.

FRESH AIR MACHINES



Air pollution doesn't politely stop at the front door — it follows you right inside where it can be a real problem. The Bionaire 500 is like moving a mountain breeze indoors. It removes 99% of all particulate pollutants from the air — goodbye to soot, dust, animal dander, pollen, cigarette smoke, smog, molds and fungi. Allergy sufferers breathe easier, everybody breathes more healthfully. The newly developed electret filter removes particles as small as 1/10,000 the thickness of a human hair. The Bionaire 500 cleans 45 cubic feet of air a minute, the average room three times an hour. It includes a switchable ion generator — negative ions are well-known for their presumed psychological good effects, creating a sense of well-being such as comes from standing next to a waterfall. A switchable fragrance dispenser allows you to add a fresh scent to the air when you wish. The Bionaire 500 measures 11" x 7" x 5", uses only 45 watts energy, comes in a smoothly styled hard plastic case with woodgrain finish. The front-facing airstream means you can create a "no smoke zone" on your office desk. The Bionaire 500 costs **$125.00** ($9.95) #A822. A larger model 1000 has three speeds instead of two and cleans 118 CFM of air. This unit measures 14" x 8" x 8½" with a lifetime steel housing. The Bionaire 1000 costs **$275.00** ($12.95) #A823. Both models are UL-listed and carry 1-year limited warranties.

INDUSTRIAL COVERALLS

Meatpackers, vitamin-makers, electronics workers, spray-painters — many kinds of workers wear coveralls on the job. That need has given rise to a new kind of garment made from polyethylene fibers that are spunbonded together. The result is not a film, a fabric or paper — though it combines good qualities of all three materials. These plastic-chic coveralls are surprisingly durable and resistant to punctures and tears, can be washed and reused, are light (under 6 oz.), hold out moisture and splashes and cost a fraction of normal cloth coveralls. We are offering the coveralls in sets of two: order two mediums #A669, two larges #A670 or one medium and one large #A671. Each set of coveralls costs **$15.00** ($2.95). These coveralls are white (high visibility if you have to change a tire on your way to a dinner party), double sewn with full-length zipper, 3 pockets and elasticized waistband. Sizes are men's medium or large (since the material does not ravel, arms and legs can be cut to exact length with scissors).

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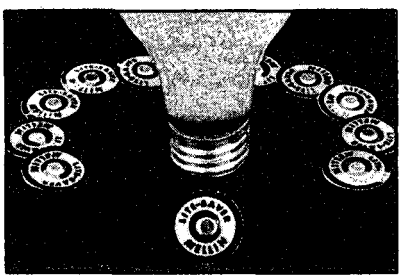
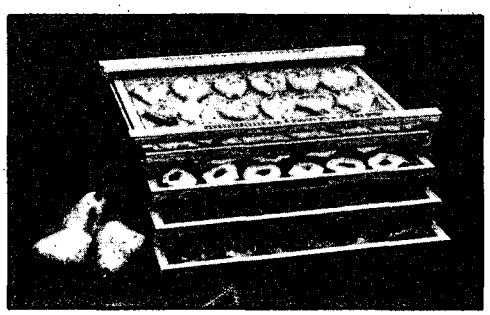
LIGHT SAVERS



If you're tired of climbing ladders and getting into precarious (often dangerous) positions to change an out of the way light bulb then you should know about Light-Savers. Adhered to the base of any *one way* bulb Light-Savers can extend bulb life from 50 to 100 times! Most bulbs have a rated life of 750 hours or 32 days if used continuously. With Light-Savers your bulbs will burn up to 75,000 hours or about eight years if used 24 hours a day. They're ideal for hallways, staircases, or anyplace where replacing light bulbs is a time consuming nuisance. You'll notice that Light-Savers reduce light output so you may want to increase bulb wattage. They're safe, dependable and install quickly and easily with any one way bulb. The manufacturer offers a limited eight year warranty. We offer Light-Savers in a package of 6 for **$12.00** ($1.95) #A830, 12 for **$20.00** ($2.95) #A831 or 24 for **$39.00** ($3.95) #A832.

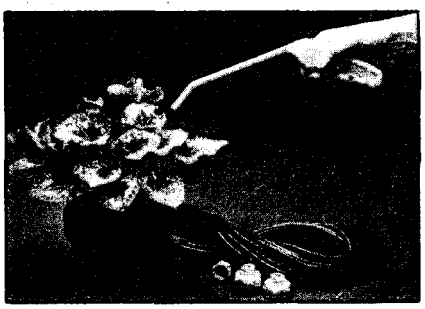
DRYING FOODS PRACTICALLY FOR FREE



The last time we counted there were over a dozen food dryers on the market, most of them electric, some selling for upwards of $200. But did you know you can get the same results from your oven pilot light (or viewing light if your oven is electric)? Dried foods are nutritious, tasty, require less storage space and keep a year or longer. But why plug in another electrical appliance when your oven, sitting there unused most of the time, provides a perfectly fine drying environment? All you need to take advantage of it is the Sun Pantry oven drying rack which gives you nearly 5 sq. ft. of drying space in a 17″ x 7″ x 13″ package. The frame and trays are made of light Philippine mahogany with aluminum screening double-dipped in acrylic to prevent any possibility of food picking up a metallic taste. Most fruits and vegetables will dry crisp within 24 hours. If you need the oven meantime, just move the drying rack to a counter and replace it after the oven cools. The oven dryer comes with a 30-page booklet with instructions for drying 35 fruits and vegetables, plus a 12-oz. bottle of Vita-Loc drying crystals (an optional FDA-approved pretreatment to preserve vitamins and natural color). The whole package costs just **$30.00** ($4.95) #A834.

We also offer a Sun Pantry outdoor drying kit with everything you'll need to sun dry fruits and vegetables. Includes one 12″ x 15″ mahogany drying tray with extension legs, fiberglass insect screen, 6-oz. package of Vita-Loc drying crystals, and 30-page instruction/recipe booklet for just **$13.00** ($2.95) #A833.

WATERING WHIZ



Now you can water all your plants in a single trip with this handy indoor garden hose. This 50′ vinyl hose comes with a set of four adaptors that readily attach to most indoor and outdoor faucets. From there you just take the water where you want it—an easy-control handle allows you to turn a splashless stream of water on and off as needed. There's a snap-in misting attachment, so after you water the roots you can spray the foliage. The complete indoor garden hose kit costs **$11.00** ($1.95) #A681. Two for **$19.00** ($2.95) #A6812.

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Simple Green is an oven cleaner. Bathroom cleaner. Window cleaner. Floor cleaner. Stain remover. Laundry pre-soak. Upholstery cleaner. Rug cleaner. Leather and vinyl cleaner. Paintbrush cleaner. Engine cleaner. Simple Green is non-abrasive, non-caustic, low-phosphate and biodegradable. It has no bleach, ammonia or petroleum. It is approved by U.S.D.A. It was originally invented to remove stains from coffeeroasting equipment. Simple Green worked so well it was soon being used generally in the restaurant industry. Then in car washes. Then hospitals and airlines. Technically, Simple Green is a blend of synthetic penetrants that emulsify and suspend oil for cold-water rinse. It can be used on anything you use cold water on. No scrubbing required. We can send two 16 oz. spray bottles of Simple Green for **$9.00** ($2.95) #A698; two 16 oz. bottles plus a natural ocean sponge for **$12.00** ($2.95) #A828 or one gallon plus an ocean sponge for **$21.00** ($3.95) #A827.

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Letters

REASON Indispensable

Thanks for your excellent cover article "Home Schooling: Up from Underground" (Apr.). And I am incredulous—no other word suits—that you and Sam Blumenfeld have made the unheard-of breakthrough of getting the facts about the real reasons for the mass illiteracy into *American Education* (see Notes, Apr.). That is the first time any "inside-education" publication ever has printed the truth about this in lo these many years, since the dawn of the look-say reading monopoly. Lies about it by the truckload—never before the facts. Congratulations. You are indispensable, clearly! I find the entire magazine very interesting and worthwhile.

Kathryn Diehl
Lima, OH

Tip-off Rip-off

Ted Carpenter's splendid article "Shalt Thou Bear Faceless Witness?" (Apr.) goes far in exposing the fraudulent hype currently being hustled by the law-enforcement bureaucracy with their anonymous reward programs. In this community, the media have swallowed the program like so many carp gobbling larvae. The local version of what Carpenter describes, here called "88-Crime," has manipulated through ego-stroking the editorial staffs and owners of the major media outlets, thereby sandbagging working press reporters who know better.

Carpenter did miss one additionally repellent aspect. A cop needs "probable cause" to get a search warrant. Having nothing but a desire for said warrant, and no evidence justifying it, the officer or his agent needs only the price of a pay-phone call to have an "anonymous tip." Said "anonymous tip" then goes to a "roll-over judge," worried that he'll be called "soft on crime" by a "tough, dedicated prosecutor." Said roll-over judge then signs a search warrant and de facto renders meaningless the 4th Amendment. Perhaps this explains why almost half the rewards *actually awarded* by Pima County's 88-Crime program remain unclaimed! In the meantime, while 88-Crime reports lots of busts and rewards (mostly on drug-related crimes), such items as rape and murder are *up* over 10 percent in the last 12 months in the Tucson area.

Isn't it great to live in a free America and not some Commie country where the government has people spying on each other for special favors?

Emil Franzi
Tucson, AZ

Tar-Brushed OPEC

Jack Douglas takes the US government to task in his "Arabian Nightmare" (Apr.) for preparing to fight a war in the Middle East, presumably in support of the leaders of OPEC. Though he makes some important points concerning the wisdom of military involvement there, I find myself troubled overall with his tone. There is a difference between morality and moralism, and I suspect that his instincts lie more in the latter direction than the former. Such tar-brush stereotypes as "economic enemies" and "greedy ringleaders," when applied to the OPEC sheiks, add absolutely nothing to a complex issue.

Maybe our government should stand properly accused of taking its own propaganda too seriously. As Douglas suggests, the sheiks are probably not quite the friends of Western democracy that some US leaders have labeled them. But to whom else can a US government turn for alliances in the region? If Douglas thinks the sheiks are venal, he should try dealing with the religious paranoia of the imams.

Before we label the sheiks our economic enemies, we should also remember that OPEC bears a "made in USA" stamp. It was the direct outgrowth of efforts by Texas oilmen to enforce a two-tier pricing system, to keep US oil cheap and Arabian oil out of the US market, during the 1940s and '50s. This arrangement only began to hurt *after* US oil production fell off.

Douglas seems bent on castigating the US government for its failure to plan ahead and to lessen US dependence on Middle East oil. I suggest that he has the cart before the horse. The government didn't do this to us. *We* did, through our economic choices. We weren't willing to pay for the creation of a strategic oil reserve in higher US oil prices or taxes, and we expressed this unwillingness through the folks we elected. We should be a little less critical of the government for taking the only alternative left to it to preserve our access to a threatened supply: military force.

Should our Middle East involvement be debated? By all means! But let's lay the tar brushes aside and look at real issues. Is it in the interests of Western democracy to permit (by default) the Soviets to press a military button in Arabia and put out the lights in the industrial power house of Japan? If we aren't willing to *fight* in Arabia, how are we willing to rearrange our lives at home?

Richard A. Lawhern
Springfield, VA

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The Health of the Body Politic

Private health care is on the increase in Britain (Trends, Apr.). Great! Another ray of hope for liberty and the free market. Hopefully Britain's socialized medical system will collapse under its own bureaucratic inefficient weight, so that *private* health care programs can provide improved services to *all* Britons.

Jack L. Allard
Tacoma, WA

An Offer They Can't Refuse?

I have read with great interest the Trends item "Cab Curbs Cut," in your February issue. It is true that I have been quoted and still maintain that I can take 500 jitneys and serve the 403 square miles in Marion County, Indiana, which encompasses Indianapolis, and do this without a subsidy....

At the present time our bus system is operating at a huge deficit, using up tax dollars. There have been no innovations in the bus industry for the last 30 or 35 years, and the concept of using vans with more frequent service running on fixed routes mixed with a door-to-door combination service is the answer to the problem.

There are thousands upon thousands of dollars being wasted in this country trying to provide an antiquated service such as local bus companies do. I am sure that people in California have not ridden a DC-3 from Los Angeles to New York lately. That is the same comparison to local bus situations.

Richard Hunt
President
Indianapolis Yellow Cab, Inc.

Vulnerable Thesis

It's an article of American militarist mythology that the Soviet Army is unbeatable. Unfortunately, REASON has shown a distressing tendency to subscribe to that faith, most recently in Jeffrey Record's review of *The Third World War: The Untold Story* (May). I don't defend either General Hackett's fantasies or the Soviet Empire, but the review perpetuates a myth that is extremely dangerous to our hopes of retaining what freedoms we have left in this country: the invincibility of Soviet arms.

Record tells us that the notion the Soviet Union would collapse from internal difficulties in wartime is "self-delusion." In support of this contention, he hurls Hitler and Napoleon in our faces. And, indeed, both those adventurers lost—and lost big—*invading* Russia.

That Russia's size and her populace *defending its homes* have traditionally stymied invaders doesn't imply that the USSR can win an aggressive war. When have Soviet forces succeeded on the offensive except against tiny Finland, or Hitler's crumbling Reich, beset on all sides by immensely powerful enemies and gifted with one of the most inept supreme commands in history? Ask the Afghans about the invincibility of the Soviet soldier.

The USSR is not just burdened by an unworkable economic system. It's a patchwork empire whose subject peoples grow daily more restive; much of the Warsaw Pact's paper strength derives from just these groups, who have even less to gain than ethnic Russians from a war of aggression. The Soviets are surrounded by hostile nations who possess vastly greater resources. Their biggest "ally" is Poland....

The concept of Soviet invulnerability directly serves the interests of the state: the message is that we must sacrifice ever more of our property and freedom to buy security from the omnipotent Russian monster. It is a myth. I fail to see why REASON endorses it....

Victor Milan
Albuquerque, NM

Road to User Fees

When I read "Charging What the Traffic Will Bear" (Trends, Jan.) I too was worried about the implications of such a system for government control and monitoring of our movements. I see by the letters in your April issue that I am not alone in this concern.

However, I've realized that there is a simple technological solution to the problem: put the transmitters in the road and the receivers in the car, not the other way around! Each road company could place a transmitter along the road that would broadcast to passing cars the current fees for road use and the company to which they must be paid. A receiver and microcomputer in the car would keep track of the bills owed to each company, and the data would be periodically pulled from the car and the bills paid.

(Continued on p. 65)

SHAKE UP YOUR CITY

Big government has run out of steam — and not just in Washington. Urban renewal, rent control, regional government... the "solutions" of the past are increasingly seen as failures.

But there *are* new ideas for solving urban problems, ideas consistent with individual freedom. This new handbook is a superb introduction to these ideas. Its contents include:

Robert Poole on the privatization of public services — **Stuart Butler** on the case for entrepreneurial enterprise zones — **Robert Bish** on the evidence for decentralization versus metro-government — **Walter Williams** on the barriers created by local licensing laws — **Oscar Newman** on both the failure of public housing and some private-sector alternatives — **Alan Siegel** of HUD on that agency's efforts to promote privatization and decentralization. These essays originated as a lecture series at Bellarmine College in Louisville.

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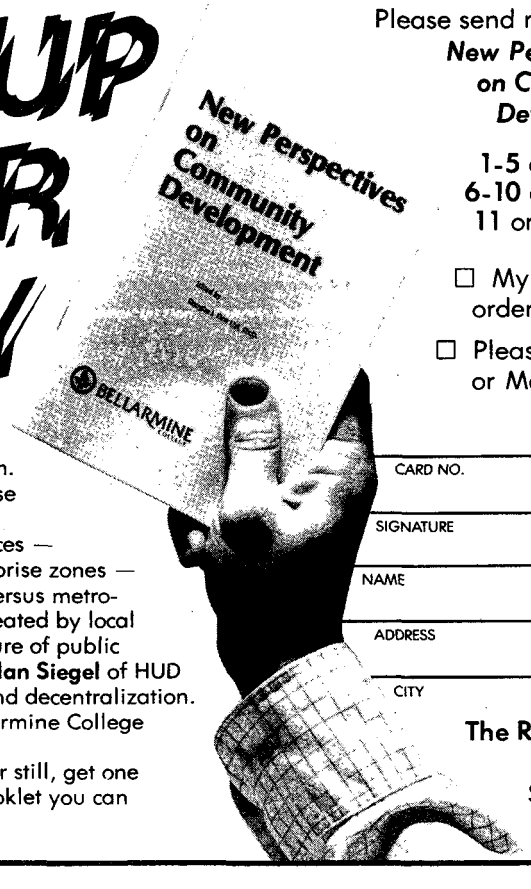

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b r i c k b a t s

Chrysler Corp. Chairman Lee "Buddy, Can You Spare a Dime?" Iacocca is the originator of the nation's most aggressive "Buy American" campaign. So why is it that Chrysler recently bought a Canadian-made plane as the firm's only corporate jet? Hypocrisy? Nah. Lee just meant we should all buy *North* American.

If you can't beat 'em, tax 'em. That's the philosophy of the Arizona legislature, which voted to license and tax drug dealers. The law requires pushers to pay a $100 license fee and luxury taxes of $10 to $125 per ounce on drugs in their possession. To get around the self-incrimination clause of the Constitution, the tax collectors are barred from turning over information about license-holders to police. And anyone, dealer or not, caught with drugs and lacking tax stamps would be automatically liable for the back taxes. To the shock and dismay of legislators, no one has signed up for a license yet.

Remember that old Henny Youngman joke: "A man said to me he hadn't had a bite in a week. So I bit him!" It's turned into reality in New York City. Officials are quite concerned because, while instances of dog bites decreased substantially last year, human bites were up by almost 10 percent. The Health Department adds that the chances of infection from human bites are greater, because humans have more germs than most dogs. Of the 1,557 human perpetrators, six were recorded as sexual biters—love munches that were a bit too enthusiastic. What an agnawing habit!

Up against the wall, IBM Selectric! Stung by anti-government leaflets, Communist Romania is banning possession or use of typewriters by citizens who possess a criminal record or counterrevolutionary concepts. The decree also requires that all typewriters—and typefaces—be registered with the police. Elementary school children, however, will still be allowed to keep their crayons and finger paints.

It's difficult to restrain one's glee at the news that three women who worked as Nautilus instructors at Jane Fonda's Workout in San Francisco have filed a $3-million sex-discrimination suit against the egalitarianese film star. The women say they were paid at least $1 less per hour than two men who did the same work at the exercise studio. There were also some problems with unpaid overtime, which Fonda's lawyers say were merely "unintended oversights in a brand-new business." The lawyers also say the women have been mailed a total of $2,500, representing an additional dollar for each hour they had worked at the studio "in an attempt to have all employees feel positively about the Workout." But the women aren't buying the pay-off. They want to see Jane get a workout in court. And now Ms. Fonda will know what it's like to be in business in "capitalist" America.

"THEN IT FINALLY DAWNED ON THEM: WHO THE HECK NEEDS HARDENED SILOS? THE RUSSIANS WOULDN'T DARE WIPE OUT THEIR GRAIN SUPPLIES...."

Hawaiian police are enlisting private citizens to have sex with prostitutes and then testify against them in court. Honolulu hotel manager Steve Fox testified that police gave him money and instructed him to drive around until he picked up a prostitute. He exchanged $70 with hooker Francine Tookes for sexual intercourse in his parked car and then drove her to a spot where police were waiting. Fox says he took on the assignment out of a sense of "civic pride." The waiting list for volunteers is not to be believed—"civic pride" hasn't been so aroused in years.

Is there anything on earth slower than a snail stuck on a piece of flypaper? Try the New York City Transit Authority. City Controller Harrison Goldin charges that at the rate the authority is repairing the city's run-down fleet of subway cars, all 6,400 cars won't be fixed for at least 725 years. After three years and $104 million allocated under the city's Car Overhaul Reconstruction Enhancement program, the authority has only just started a pilot project that includes 20 cars—16 of which will be sent to private vendors outside of New York. "This is like a skit out of *Saturday Night Live*," Goldin said.

The spirit of liberty is nowhere to be found in New York City's newspaper unions, which are spitting mad because *USA Today*, the national nonunion newspaper published by the Gannett chain, is installing vending machines on city streets without government approval. City attorney Jeffrey Friedlander says there's no law regulating vending machines. Union attorney Theodore Kheel whines, "The city is saying you can peddle without a license—and that just can't be!" What's this country coming to, anyway? Pretty soon, people will think they can buy and sell goods without some bureaucrat as a middleman.

—MARK EDWARD CRANE

The World Future Society Announces Its Fifth General Assembly

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All proposals should relate to global problems and opportunities to solve them. The Assembly Committee is especially interested in reports on actual experiences, case studies, and "hard research" geared toward opportunities for the future and that can benefit others. Above all, the committee hopes for useful new approaches to solving problems.

Deadlines: First priority will be given to submissions received prior to October 31, 1983. Acceptances will be mailed before December 10, 1983. After that date, proposals will be accepted on a "space-available" basis.

For instructions on submitting proposals, write:

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TRENDS

RAILING AGAINST REALITY

Every eight-year-old capitalist with a lemonade stand and an ounce of horse-sense knows that to sell a product or service, it's vital to keep a close eye on where the market is. The successful entrepreneur does not set up a lemonade stand on a street with little traffic and certainly doesn't pour customers a glass of milk or Dom Perignon when lemonade is what they ask for.

The point is simple enough, but it has evidently escaped many of the nation's mass-transit planners, virtually all of whom are, of course, on government payrolls. For many people, mass transit is quite a valuable service—yet the Census Bureau reports that the number of people riding mass transit to work (commuters make up 40 percent of mass transit's custom) declined from 8.9 percent of the working population in 1970 to 6.3 percent in 1980.

Why such a dramatic decline? A big reason is that during the '70s, people and jobs in northern cities, where most mass transit systems are, moved to outlying areas. Mass-transit systems, however, are not flexible enough to meet the newly created transportation needs. This inflexibility is especially great in systems that have relied on rail transportation rather than buses: buses can change routes overnight, a feat for which subways and trolleys require millions of dollars and years of construction.

That, however, apparently doesn't bother local pork-barrel merchants too much. The *Los Angeles Times* reports that city fathers and downtown businesses in both Houston and Los Angeles are competing for federal money to build rail systems in their cities, each system with an estimated price tag of $2 billion. The *Times* implied that Houston had the edge, not because its proposal was peculiarly meritorious but because the Texas congressional delegation is more united than California's and thus has more clout. In any case, it's likely that one of the cities will soon be blessed with a rail system at taxpayer expense, and it's just as likely that 20 years after the system is completed, the city where it is built will have changed in ways that the transit system's designers couldn't possibly have imagined.

Part of the rationale for train systems hinges on the assumption that mass transit doesn't really have to worry about its market: the system will give customers what it wants them to have and where it wants them to have it, dispensing milk and Dom Perignon to lemonade buyers. Census Bureau analyst Paul Fulton was quoted in the *New York Times* making the point more elegantly: "It has long been a fundamental assumption of planners that mass transit would provide the ultimate remedy to the urban transportation problem by reshaping urban form and by modifying consumer behavior." But this assumption, he noted, is contradicted by actual census data.

Or, as Census Bureau director Bruce Chapman admitted, "People will live and work where they desire. Planners have to take that into account." Lemonade-stand wisdom is not without its occasional defenders.

UP, UP, AND AWAY WITH PRIVATE ATC

As noted recently in these pages (see "Private Control?" May, p. 28), several proposals for privatizing the air traffic control (ATC) system have been made to the Federal Aviation Administration. All have been given the cold shoulder by the agency. But what if—instead of trying to convince the FAA to turn over its obsolescent system to private enterprise—somebody instead built a superior system in parallel and offered it on the market to aviation users?

Just that scenario seems to be unfolding. In April, physicist Gerard K. O'Neill of the Space Studies Institute in Princeton announced the formation of Geostar Corporation. On April 15 the company closed the first of several private stock offerings and announced that it had filed an application with the Federal Communications Commission for what it described as a position locator system using three high-power geostationary satellites.

In fact, as Dr. O'Neill confirmed to REASON, the system is the initial step in implementing O'Neill's satellite-based ATC system. Formerly called Triad (and now renamed Geostar), the system would use a computer-controlled form of triangulation to enable any vehicle's operator to know its position to within three to six feet in latitude and longitude and 15 to 30 feet in altitude. The basic system concept was described in some detail in an article last year in *AOPA Pilot* (July 1982, pp. 51-63).

If all goes well, the system will become operational in 1987, according to Geostar Corp. officials. So let the FAA go ahead with its multibillion-dollar "next-generation" ground-based ATC system. And let's watch Geostar launch its satellites, set up its computers, and sell its $400 transceivers to airlines and private pilots. Initially, pilots will indeed use them as a supplemental device for position location. But once use of the transceivers has become widespread, and the inadequacies of the FAA's system more painfully obvious, a private alternative will be there, ready to take over.

WINDOW OPENED FOR DEPOSIT INSURANCE REFORM

In the last few years, the heavy government regulation that has been a firm fixture of banking ever since the early days of the New Deal has begun to recede. Now, there are signs it may be receding even further.

Even the role of the Federal Deposit Insurance Corporation (FDIC), an operation that benefits the banks at taxpayer expense, is being questioned publicly by William Isaac, its own chairman. As the *Wall Street Journal* reports, "Since the 1930s chiefs of the staid old regulatory agency have calmly reassured lawmakers that all is well with the nation's banks. They believed [that] such soothing words, backed by tight regulations that kept banks and thrift institutions out of most risky activities, maintained confidence in the banking system."

But no longer. When Isaac testified at a Senate hearing in March, his message was very different from his predecessors'. "Our regulatory and insurance systems weren't designed to deal with the financial system as we know it today," he said. "They are in need of a major overhaul."

Isaac's view, as described by the *Journal*, is that the current insurance system "is flawed because it frees everybody but the government from responsibility for the health of financial institutions. Depositors have little incentive to scrutinize their financial institutions

because the government effectively guarantees all deposits."

The remedies the FDIC formally proposed in a mid-April report (*Deposit Insurance in a Changing Environment*) clearly reflect a refreshing free-market orientation. They include:

- changing the fixed-rate premiums that banks pay for insurance to a variable-rate system (thus, banks that engaged in financial hot-dogging would be considered greater risks and accordingly have to pay larger FDIC premiums);
- ending the practice of *de facto* 100 percent insurance for deposits over $100,000, which would give large depositors a strong incentive to look closely at a bank's portfolio before trusting it; and
- increasing disclosure by banks of information on insider loans, foreign loans, and enforcement action by regulatory agencies.

And these reforms, valuable as they would be, are only a harbinger of Isaac's more ambitious goals—radically limiting the coverage the FDIC provides and opening the way for privately provided deposit insurance. The *Journal* says that Isaac, along with Federal Home Loan Bank Board chairman Richard Pratt, has been trying to persuade private insurers to consider offering deposit insurance, but "private insurers haven't so far shown great enthusiasm for the idea. Some say they'd need the right to end coverage for misbehaving banks—something the government fears would alarm the public and lead to bank collapses." An FDIC spokesperson, however, told REASON that a group of individuals is investigating the formation of a consortium to offer such insurance.

For most of Isaac's reforms to be implemented, they would need to wend their way through Congress and the White House. That is a long and tortuous path, and their success is problematic.

ARBITRATION ACCELERATION

Last year, tens of thousands of lawyers did not reverentially observe the 300th anniversary of a law enacted by the colonial Assembly of West New Jersey. More's the pity. The law provided that "for the preventing of needless and frivolous Suits, Be it Hereby Enacted... that all Accounts of Debt...of Slander...and Accounts whatsoever not exceeding Twenty Shillings,...Arbitration of two [neutral] Persons of the Neighbourhood, shall be tendered by some one Justice of the Peace who shall have the Power to summon the Parties."

"Preventing of needless and frivolous suits" is as laudable a goal now as it was then, and certainly as timely. From 1940 to 1981, federal civil cases increased almost six times as fast as the US population. The Associated Press estimates that each year, roughly one of every ten adults either sues someone or is sued.

Moreover, going to court is normally not a pleasant experience. Physicians have observed a high incidence of "litigation neuroses" in otherwise happy and well-adjusted people. As the late Judge Learned Hand commented, "I must say that, as a litigant, I should dread a lawsuit beyond almost anything else short of sickness and of death."

So what is to be done? If you're a lawyer, you're the direct beneficiary of a booming industry. But if you're not a lawyer, it's good to know that there are private alternatives to the governmental court system, and they're becoming more frequently available.

One is private complaint bureaus set up by industries for their consumers.

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Within the auto industry, for example, the National Automobile Dealers Association and almost all auto manufacturers—including foreign companies—now maintain "some kind of local umpire system," as *Business Week* reports, to handle warranty, product, service, or sales problems when a customer is dissatisfied with the company or dealer.

Avoiding legal costs is only part of the incentive for auto makers to make these mechanisms work. As *Business Week* observes, "The bottom line for auto makers is to build up repeat business—customers who every few years trade in their car at the local dealership for a shiny new model. Conciliation is one way to keep these buyers coming back. . . .[A Washington consulting firm] estimates that improving customer service may be worth as much as $400 million in new-car sales annually."

Even such auto-industry critics as Clarence Ditlow III of the Center for Auto Safety speak favorably of the manufacturers' mediation panels. "If you get only 10 percent more happy customers, it's worthwhile," he says.

Examples of industry-sponsored complaint bureaus outside the auto industry abound. They include the Chicago-based Major Appliance Consumer Action Panel and, for funeral homes, an organization called THANACAP. In addition, the venerable Better Business Bureau has been mediating consumer complaints for 71 years.

Meanwhile, for private resolution of disputes between individuals, there is often the option of binding arbitration. Eight states already recognize "rent-a-judge" programs that permit people to settle their differences in private, unofficial courts, with the results binding in regular courts. And the Associated Press reports that there are 170 various "dispute resolution centers" and "neighborhood justice centers" in 40 states, all aimed at helping people stay out of court. Chief Justice Warren Burger, an outspoken foe of court congestion, has championed binding private arbitration for complex commercial disputes, also.

Abraham Lincoln once said, "Discourage litigation. Persuade your neighbors to compromise whenever you can. Point out to them how the nominal winner is often a real loser—in fees, expenses, and waste of time." It was sound advice, especially coming from a lawyer.

§ WEALTH §

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PRIVATIZATION PLEASES PUBLIC

The streets of Wandsworth—a borough of London—haven't been so clean in years. And the borough boasts the least-expensive and most-efficient garbage collection in all of London. Welcome privatization.

In February of last year, the Wandsworth Council contracted with a private firm to sweep the borough's streets, saving 25 percent over the cost of using borough employees. So successful was the arrangement that one month later the council decided to contract out the borough's garbage-collection service. Under the contract—in effect since October—the contracted private firm employs 133 collectors (in contrast to the 216 on the borough's crew) and will annually save the borough 40 percent in costs for garbage collection.

Moreover, the private firm is legally bound to perform specific services adequately or pay penalties and lose the contract. The firm also must bear any cost overruns. So pleased with these arrangements is the Wandsworth Council that it now has plans to privatize parts of its parks service—at a 30 percent savings—and is looking for other services to privatize as well.

The borough council opted to go the privatization route after it had learned that, during the previous decade, its costs for garbage collection had escalated to unacceptable levels—the municipal crew had been overmanned and absenteeism was high—while the quality of service declined. Borough residents and merchants had even reported instances of extortion—some collectors threatened sloppy or irregular service to those on their routes who wouldn't make extra payments to them.

Throughout Britain, union opposition to such privatization moves has been vigorous. In an effort to rally public opinion to its side, Britain's National and Local Government Officer's Association (the 800,000-member public-employee union known as NALGO) recently conducted a poll of citizens' attitudes toward cutbacks and privatization. The *Economist* reports that NALGO polled only "potential sympathisers," yet received unexpected—to say the least—results.

According to the poll, the public feels that NALGO is "overly bureaucratic, wasteful and mismanaged." Trade unions, believe many citizens, "had become selfish, greedy and destructive." Moreover, the public agreed with the claim that "private industry operated more efficiently than nationalised." And to the notion of government cutbacks, there was this response: "it was time public services were cut. . . .If cutting back involved depleting an overmanned workforce and top-heavy administration, this was to be welcomed." NALGO, the *Economist* reports, is working quietly to bury the poll's results.

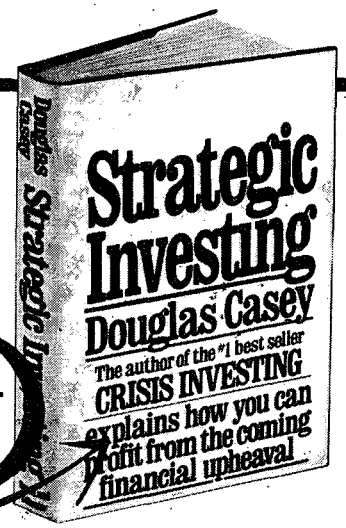
DELIVERING THE GOODS

Perhaps some future Trends column will report that the Postal Service has become a nirvana of efficiency, wondrously responsive to consumers' needs, and economical. If present circumstances are any indication, however, that will be a Trend in the month that rivers run uphill and cattle write poetry.

There *is* efficiency in mail and package delivery, and there *is* responsiveness to consumers' needs—but it's occurring almost exclusively in the private sector. It's no surprise, then, that private mail-handling and delivery services continue to prosper and expand.

Aviation Week recently reported that

The Greater Depression of the 80s
is already here, says Douglas Casey



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- "Gigantic panic" for *some* money market funds. Is yours a candidate? How to judge.
- New opportunities in real estate — but not yet. But when the time comes, 3 reasons to look for lower-priced properties.
- Stocks: *"the bull market of the century" — and soon.*
- "Stable" or "conservative" investments — and why you must realize that there's no such thing anymore.
- Can the market soar when fundamentals look so bad? 3 reasons why Casey gives a resounding YES.
- *The future for long-term bonds.*
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- "No money down": why the day is coming when you'll be able to buy much more on these terms.
- The stock group that looks like gold did ten years ago.
- *Special situation: a unique way to buy silver futures and earn good interest.*
- "Baron Rothschild, why are you so wealthy?" His pregnant reply.
- Model portfolios: for those with under $5,000...$25,000 ...$100,000...$1 million.
- Commodities: not necessarily a crap shoot. How to make up to ten times your investment *and cut your risk. Two reliable buy signals. Why the conventional* wisdom is — once again — wrong.
- "Flow of funds," and why this favors a roaring bull market.
- 5 rules for canny borrowing (or not borrowing) in the 80s.
- What becomes of welfare and Social Security in a real depression?
- "Investing for income is the kiss of financial death." Why this is especially true today.
- 7 approaches to buying stock: each one can be successful, but not always. How to use each one — or *all* of them at different times or for different stock groups.
- Convertible bonds: due for a revival? The best method for buying them.
- Are stocks now overpriced or underpriced? (Casey thinks they're *both*, and shows why.)
- Vivid example (better than many a course in economics) of exactly how the government stimulates — and distorts — the economy, and feeds inflation.
- 7 major criteria for evaluating a stock.
- The true growth "industry" of the 1980s.
- Institutional favorites: a clue for your own buying — but not the clue most investors follow.
- The menace lurking in the bankruptcy laws.
- Is the present easing of inflation real? Lasting? A sobering view.
- 5 signals to watch for before you enter, or sell out, in *any* market.
- Recommended money market funds: names/addresses/phones, key facts.
- The surest long-term speculation of the 80s — for these *9* reasons. (If you buy Casey's analysis — and we think it makes a lot of sense — then this one idea could literally make you rich.)

If Douglas Casey has one point to make above all others, it's this:

The Greater Depression of the 80s will be — *is* — different from the Great Depression of the 30s. To survive and prosper, you must master the differences. If you do, the opportunities are there, waiting to be seized.

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Federal Express is responding to competition from other small-package and overnight-letter delivery companies with a $100-million aircraft acquisition program. With its new wings, the company will expand geographic coverage in the next few years from 74 percent to *95 percent* of all US communities. Federal Express already provides direct service to 17,000 communities—more than double the 8,000 communities it served only four years ago.

Even in the midst of a recession, the company has been doing quite well financially. The firm owes a great deal of its success to the Overnight Letter, introduced in June 1981. Within a year after Overnight Letters were first offered, Federal Express delivered more than 27,000 of them daily (compared to about 550,000 pieces of certified, registered, special delivery, and express mail delivered daily by the Postal Service, which has been in business for about 200 years). The service generated $56 million in revenues in the first year.

Another reason for the company's success has been its openness to technological innovation. For example, the capacity and reliability of its tracing and billing systems have been increased by connecting customer service centers with the largest existing private satellite network using earth stations. Before long, the network will carry voice, data, and video-image transmissions and link 4,500 Federal Express computer terminals with the company's primary computer system in Memphis. There are even plans to link the company's delivery vans to the network.

There are, of course, other businesses involved in other stages of mail handling and delivery. Mail-receiving agencies, for example, "offer confidentiality and convenience to thousands of customers who do not want mail delivered to their homes or offices," as the *New York Times* wrote. Storefront agencies are springing up in Manhattan, and Jim Baer of the Association of Commercial Mail Receiving Agencies estimates that there are as many as 1,500 such businesses in operation around the country doing $100 million worth of business annually. (The association, a trade group, has 212 members after 16 months of operation.)

The big operators like Federal Express as well as the smallest mom-and-pop mail-receiving agencies have to circumnavigate the private-express statutes, which give the Postal Service a monopoly on first-class mail service. But even with that burden, many if not most of these companies are thriving. It may be too much to imagine the quality of service they could provide if they were permitted to compete with the Postal Service in first-class mail service as well.

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FLYING HIGH IN MIDDLETOWN

For as long as there was serious discussion of airline deregulation, opponents warned that if deregulation came to pass, the airlines—with their devotion to making a profit—would abandon air service to small towns, concentrating on the more-lucrative air routes to larger cities.

Their arguments fell on deaf ears. Congress passed, and small-town resident Jimmy Carter signed, the Airline Deregulation Act in 1978. And the workings of a freer market have not been nearly as terrible as doomsayers were warning. Passengers are very aware of how increased competition has lowered fares on major air routes, but there have been some interesting developments in service to small-town markets, also.

In the East and Midwest, in several communities where service was cut by major airlines after deregulation, Piedmont Airlines has pursued an unconventional strategy of bypassing the large traditional hubs and focusing service instead on those underserved communities. Piedmont has developed a "hub-and-spoke" strategy: operating out of "hub" cities—Charlotte and Dayton and, beginning in August, Baltimore—Piedmont serves small and middle-sized "spoke" towns. Maintaining a well-coordinated bank of connecting flights at the hubs, the firm boasts of minimal ground delays and short walks for passengers between connecting flights' gates.

Aviation Week reports that "Piedmont has thrived" with this strategy. Operating profits rose from $7 million in 1978, the first year of deregulation, to $57.2 million in 1981. And over the past 18 months, Piedmont has added new facilities at Dallas–Ft. Worth, Boston, Charlotte, Raleigh-Durham, Greensboro, Miami, Orlando, Tampa, Dayton, Denver, and Houston, largely with internally generated funds.

Meanwhile, on the West Coast, financially troubled Pacific Express Airlines—which had its first full year of operation in 1982—is following Piedmont's lead and shifting from the highly competitive Los Angeles–San Francisco market to smaller cities with less service. The airline reduced service in the California corridor from eight to three daily round trips and is now moving into thinner but less competitive markets such as Fresno, Bakersfield, Sacramento, and Modesto. The result? Pacific Express's passenger load factors rose to 60 percent in February—the first month under the route realignment—from 51 percent in January and a 1982 average of 52 percent.

Piedmont president William Howard admitted to *Aviation Week* that Piedmont had opposed deregulation at first, but now he says, "Deregulation can work, though it has been traumatic for many airlines." And as Piedmont and Pacific Express's experience shows, it can also work for small-town markets.

INSURING DEBATE OVER MEN AND WOMEN

Consider this fact: men under age 25 pay two to three times as much for auto insurance as do women drivers in the same age bracket. Is this just? Sen. Robert Packwood (R-Ore.) and Rep. John Din-

gell (D-Mich.) apparently don't think so—even though men in this age group cost insurers comparably more in claims paid out than do women of the same age. They are pushing for legislation that would force insurance companies to charge *all* customers so-called "unisex" rates—that is, rates that are not based on statistical liability differences between men and women.

The unisex debate has largely focused on the issue of pension plans: because women as a group live longer than men, many plans pay women smaller monthly benefits. Thus, on average, women and men receive the same total benefits for equal amounts paid. Backed by President Reagan himself, the Justice Department construes this as sex discrimination and plans to challenge an Arizona government practice of paying variable-rate annuities based on the sex of the beneficiary.

Lending strong support to unisex legislation are a number of women's groups, including the National Organization for Women (NOW), the American Association of University Women, and the ACLU Women's Rights Project. Indeed, NOW claims that due to "discriminatory" insurance rates, typical coverage costs women about $16,000 more, over their lifetimes, than men.

But James Auger, an actuary with Aetna Life Insurance, disagrees with NOW's calculations. In a letter to the editors of *Business Week*, Auger writes: "Our figures indicate that a representative working woman will pay between $5,600 and $3,300 less during her lifetime for [insurance] coverage than the equivalent working man." The rates for auto and life insurance are lower for women, and these are the two policies that women most often buy individually, Auger explains. For other insurance, women are typically covered through employer-sponsored group plans, in which rates for men and women are identical. "Ironically," concludes Auger, "men will be the principal beneficiaries" of proposed unisex legislation.

Unsurprisingly, the market is already testing the "unisex" insurance that Packwood and Dingell would impose on it. Writes Los Angeles attorney Douglas Hallett in the *Wall Street Journal*, "Nothing prevents [insurance] companies from going unisex." In fact, he reports, "Competitive factors already have led at least three major auto insurers to offer policies that don't use sex as a rating variable."

Even the *New York Times*, normally a bastion of unbridled egalitarianism, has some reservations about mandatory unisex insurance. In an April editorial, the *Times* wrote: "The good reasons to eliminate sex discrimination in insurance do not justify reckless damage to the insurance industry, existing pension systems or present policyholders."

GORILLA IN SPACE?

You remember the riddle asking where an 800-pound gorilla sleeps? (Answer: anywhere he wants to.) Well, to the fledgling private firms developing space launch vehicles—companies like ARC Technologies and Space Services, Inc.—NASA takes on all too many of the gorilla's attributes. It's not that the National Aeronautic and Space Administration has it in for private enterprise. The problem is that the tax-funded space agency can make or break a private firm, depending on how it prices its own subsidized facilities and services.

Looming very large is NASA's space shuttle. Although the highly subsidized prices will be going up in 1985, they still won't fully cover even operating costs, let alone any share of the huge vehicles' development costs. Yet private rocket companies must charge prices that cover all their costs—or go broke. Even more worrisome is language that has been slipped into the current NASA bill by the House Science and Technology Committee. It would amend the agency's charter to allow it to *operate* a "space transportation system." Heretofore, NASA has been limited to research and development, and the assumption has been that, once proven out, the shuttle would be privatized. The new policy risks creation of an "Amtrak for space," in the words of economist Stuart Butler.

Then there's the matter of commercialization of expendable (nonreusable) launch vehicles. As reported here last March, several companies have announced plans to buy quantities of Atlas, Delta, and Titan rockets from their manufacturers and use them to launch satellites for commercial customers. Since taxpayers' money paid for development of these rockets, what price would be charged to the launch-services companies? Will one set of private firms end

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up engaging in subsidized competition with the firms that are developing entirely new vehicles? And what price will the government charge for use of its launch facilities?

These knotty questions are being addressed by the White House's Space Interagency Group. At press time, the word from Washington was that SIG would give the green light to commercialization of expendable rockets and would make available government launch facilities at "very nominal prices." But SIG is also in favor of continuing heavily subsidized shuttle pricing, despite strong opposition from the Office of Management and Budget. Thus, there will be some private space operations—but not necessarily on a level playing field. The 800-pound gorilla will probably be playing quarterback.

RENT CONTROLLERS' GRIP WEAKENED

There were elections on April 12 in Santa Monica, California. The results were generally better than expected.

Most significant was the defeat of incumbent mayor Ruth Yannatta Goldway and her two city council running mates. The three were candidates of Santa Monicans for Renters' Rights which, along with Tom Hayden's Campaign for Economic Democracy, is responsible for one of the nation's most-restrictive local rent-control laws. The Renters' Rights majority on the city council was thus reduced from 5-to-2 to 4-to-3.

The mayoral race was a photo finish—the victorious All Santa Monica Coalition candidate David Epstein had only a 269-vote lead over Goldway. But the All Santa Monica Coalition also elected a four-member slate that will control the new Santa Monica College Board of Trustees as well as a three-person slate to the seven-member Santa Monica-Malibu School District. This all may signify a sea-change in Santa Monica politics.

It is too early to tell whether the April 12 winners will actually change Santa Monica's rent controls. Goldway herself said that Epstein and his slate had "played both sides, saying they were for rent control and for homeowners.... They also were effective in running on our issues, like rent control"—which can be interpreted as a backhanded insult or ambiguous compliment. But one positive indication is that Epstein's coalition had given strong support to a measure called Proposition A.

The proposition would have modified the rent-control laws by giving tenants a chance to buy their own apartments. Tenants would have been permitted to make purchases in buildings where such transactions were agreed upon by the landlord and tenants in 60 percent of the units. The apartments then could have been converted into condominiums, stock cooperatives, or limited-equity cooperatives. Proposition A failed, but only narrowly.

Even if it had passed, Proposition A would hardly create a free market in housing, but it would have been a substantial improvement. As the Orange County *Register* observed, "The amazing thing is that government control is so tight in Santa Monica that a vote of the people was considered necessary to make such a modest idea legal....If a landlord wants to sell and a tenant wants to buy, why should they have to run to the government to get permission?"

MARKET MURMURS FROM MOSCOW

Some recent developments in the Soviet Union are surely not enough to create an economic Eden on the Volga. They do suggest, however, that the USSR's

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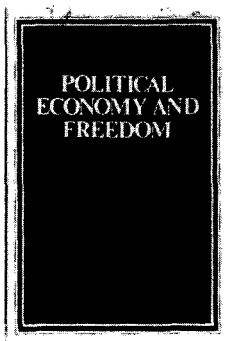

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economic orthodoxy is being seriously questioned.

Specifically, the Soviet press and scholarly journals have recently published a number of critiques of the central-system planning. And through the emerging debate, authorities have posed the possibility of significant changes.

Moreover, Soviet leader Yuri Andropov has openly criticized the performance of the nation's economy. With reforms possibly in mind, Andropov designated a commission to study the more market-oriented Hungarian economy, whose performance has stood out among the East Bloc nations. The Soviets appear particularly interested in Hungary's decentralized and semiautonomous agricultural sector, which has kept the country's food shops well stocked.

Conspicuous in the debate are recurring criticisms of Soviet planners' emphasis on quantity of production rather than quality. Indeed, in April *Aviation Week & Space Technology* reprinted an extensive critique of this system by Soviet aircraft designer Oleg Antonov. The article had originally appeared in the Soviet labor journal *Trud.*

What is most remarkable about Antonov's criticisms are his oblique references to various free-market principles. For instance, Antonov refers to "quality" as "the relationship of consumer value to cost." He suggests that prices "be established according to an agreement between the manufacturer and the customer." And he urges reforms that would "bring all enterprises face to face with consumers." The echoes are more of Adam Smith than of Karl Marx.

DECOMMUNIZING CHINA

After the death of Mao Tse-tung in 1976, China's new leadership experimented with rural reforms that abolished a number of Mao's forced agricultural communes. Farmers were allowed to grow and sell their goods in open markets, either individually or in voluntary cooperation; and cooperatives replaced state-run rural industries. The results were near-miraculous: By 1981, the output of grain and other crops had risen 22 percent. Meat production had increased 62 percent. Rural industries had increased production by 56 percent. Many farmers' incomes had increased two- or threefold and generally had risen at least 50 percent.

Buoyed by the success of the reforms, China—now under the leadership of Deng Xiaoping—plans to spread the reforms throughout the countryside and may abolish all 50,000 rural communes within the next year. Enthusiasm for the reforms among China's media and many of its leaders—including Vice Premier Wan Li, the nation's agricultural overseer—runs high.

In general, the principles of individual enterprise and voluntary cooperation are increasingly replacing the Maoist doctrines of central planning and forced collectivization throughout China. In the cities, for example, private entrepreneurs are being given more and more latitude in setting up businesses. Since 1980, China has allowed the establishment of licensed private businesses in cities. And now that the state is having difficulty finding jobs in state-run enterprises for many citizens, restrictions on private businesses have been further relaxed. As a result, in Shanghai alone, private businesses will double in number this year to 50,000. Currently, there are about 1.5 million licensed businesses in China nationwide.

Moreover, businesses will soon be permitted to trade commodities, such as grain, that state-run stores now monopolize and to establish independent prices on some items. Also under the new rules, they'll be allowed to form trade associations and pension plans.

Marking an additional step away from central planning is the government's recent decision to cut back its subsidies on food, clothing, housing, medical care, and recreation from 30 percent of the national budget to 20 percent. Because the cuts will mostly affect rural areas, where reforms have allowed farmers and workers to produce and earn more, little hardship is expected to result.

MILESTONES

• *Price is righted.* A California law requiring wholesalers of distilled spirits to post with the state the prices they charge retailers—and forbidding the wholesalers to sell below their posted price—has been struck down by the First District Court of Appeals in San Francisco as a violation of antitrust laws, and the decision was sustained by the California Supreme Court. California's attorney general is now requesting a hearing by the US Supreme Court.

• *Medical vouchers?* The Reagan administration's 1984 Medicare budget includes $50 million to launch a program that would offer the elderly vouchers as an alternative to direct government subsidy of health care. With the vouchers, people now eligible for Medicare could shop for a private plan that fits their needs with an amount equal to 95 percent of Medicare's average per capita cost.

• *Privatizing coin sales.* The US Mint has awarded a contract to J. Aron & Company for marketing and sales of the government's one-ounce gold medallions. The Postal Service's marketing of the coins had been a crashing failure—only 600,000 ounces had been sold in three years—and Treasury Secretary Donald Regan predicts that Aron will be able to boost that figure to 3 million ounces in the first three years of the contract.

• *Fluoridation down the drain.* The town of Hempstead, Long Island, has stopped fluoridating its water after a mail referendum showed 54 percent opposition to fluoridation. Some 41 communities held fluoridation referenda in 1981, and of these, 33 said no to fluoridation and 8 said yes.

• *Land grab crash-lands.* Hawaii's Land Reform Act of 1967, which empowered the state to condemn land owned by the state's large landowners and sell it to the people leasing it (a common arrangement in the state), has been struck down by the US Circuit Court of Appeals. "It is not a public purpose," said the court, "to take the property of one person in order that it may become the private property of another."

• *Ashes to ashes.* In a *Business Week* poll of corporate executives conducted by pollster Louis Harris, 95 percent disapproved of direct federal subsidies to keep failing industries alive. As Harris put it, "The prevailing wisdom is to let these industries go down the drain."

• *Felon fines finally fly?* California's Democratic attorney general, John Van de Kamp, has announced legislation that would aid crime victims by requiring felons to pay restitution fines between $100 and $10,000. The amount of the fine would be based on the victim's loss, the seriousness of the crime, and any economic gain that accrued to the felon. "It is a debt that will last until it is paid," Van de Kamp said.

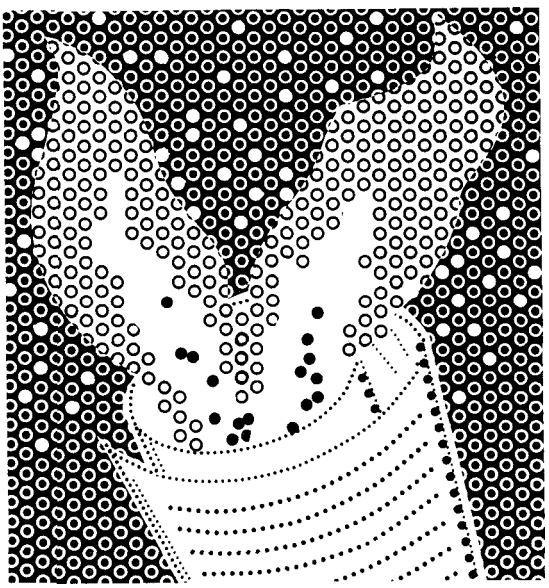
—ROBERT POOLE, JR.,
PAUL GORDON,
AND ERIC MARTI

INFLAMMATORY RHETORIC

Most of what you've probably heard about natural-gas decontrol isn't true. And much of it probably came from a single source. . .

By Milton Copulos

Pipeline to Disaster. . . Bleak Harvest. . . Gas Bill Blues—the titles virtually jump off the page at you. They represent just a few of the mountain of reports, studies, and press releases issued by the consumer advocacy group Citizen/Labor Energy Coalition (CLEC) and its research affiliate, the Energy Action Educational Foundation (commonly referred to as Energy Action). Moreover, the documents' contents seem to warrant fully the unabashedly alarmist tone of their titles, for together, they paint a grim picture of what will happen if the price of natural gas is deregulated: millions unemployed, skyrocketing prices, and many thousands left without heat—all because of the natural-gas industry's rapacious hunger for profits.



The price of natural gas, whose regulatory history stretches back to the '30s (see sidebar, p. 28), is presently regulated under the Natural Gas Policy Act of 1978. Congress passed the act to reverse the decline of the nation's natural-gas supply—a decline fostered by 40 years of regulatory policy and sharply felt during the bitter winter of 1976-77, when increased demand resulted in a painful shortage. To stimulate production, Congress in 1978 removed price controls on certain categories of newly produced gas and allowed the gradual decontrol of the other categories, working up to total decontrol of all so-called new gas by January 1, 1985. Price controls on so-called old gas were to be left intact until all is used up.

The Reagan administration, however, has long considered revisions of the 1978 act, including decontrol of *all* gas in one move—as it did for oil in early 1981. Thus, within government, the gas and energy industries, and the public at large, the debate over natural gas has grown to a fever pitch.

The Citizen/Labor Energy Coalition and Energy Action, two formerly independent consumer groups that merged in 1981, are among the most vocal in the debate. They fervently advocate regulation and oppose any decontrol of gas prices, even as provided by the 1978 act. The consequences of decontrol, they warn, would be horrendous:

- A 1981 Energy Action study predicted that if gas is decontrolled, "across the country, industries will be crippled—and many small businesses bankrupted—by sharp and unavoidable price increases. Decontrol will cause an increase in unemployment, a decline in productivity, and a big boost to the inflation rate."
- A 1982 CLEC study, *Pipeline to Disaster*, claimed that if gas had been decontrolled in 1981—signs of which were emanating from the Reagan administration—over the subsequent four years the economy would have lost almost three and a half million jobs, "an average of 860,000 per year."
- And a CLEC study released in February this year, *Gas Prices Out of Control*, says that under the 1978 decontrol, "consumer gas costs will rise by at least $135 billion over the next four years." And if the Reagan administration "succeeds in accelerating the decontrol process, costs would rise an additional $50 billion," predicted the study.

This aggressive assault on decontrol has gotten a lot of attention. CLEC and Energy Action have become "authorities" within the natural-gas debate. Their representatives testify on energy issues before congressional committees. The mainstream media—from United Press International to the

Los Angeles Times to *Time* magazine—report the groups' statistics and approach their spokesmen to comment on natural-gas issues. The results of their studies are regularly reported as facts by the *AFL-CIO News*, the *Senior Citizens News* (the monthly newsletter of the 4-million-member National Council of Senior Citizens), the ultraleftist *In These Times*, and the communist paper *Daily World*.

It is not insignificant, then, to wonder whether CLEC's and Energy Action's reports, with their powerful—if populist—argument against the decontrol of natural gas, are to be believed. Who are these self-styled "consumer activists," and what do they want?

Birth of a Coalition

The merger of CLEC and Energy Action in December 1981 marked the formation of one of the most powerful activist coalitions ever assembled by the left. Energy Action was founded in 1975 to research energy issues from a consumerist perspective. Through its original executive director, James Flug, it had become a well-established presence on Capitol Hill, with close ties to Sen. Ted Kennedy (D-Mass.), thus ensuring the organization numerous contacts in the media and an airing of its views. What it lacked, however, was a constituency.

Like most consumer groups, Energy Action claimed to speak for the public, but its actual membership was never very large. In fact, shortly before the merger, in questioning before a House subcommittee, Flug was forced to reveal that most of the group's funds came from only a few large donors (such as Paul Newman). With this blow to Energy Action's credibility, its marriage to CLEC couldn't have come at a better time.

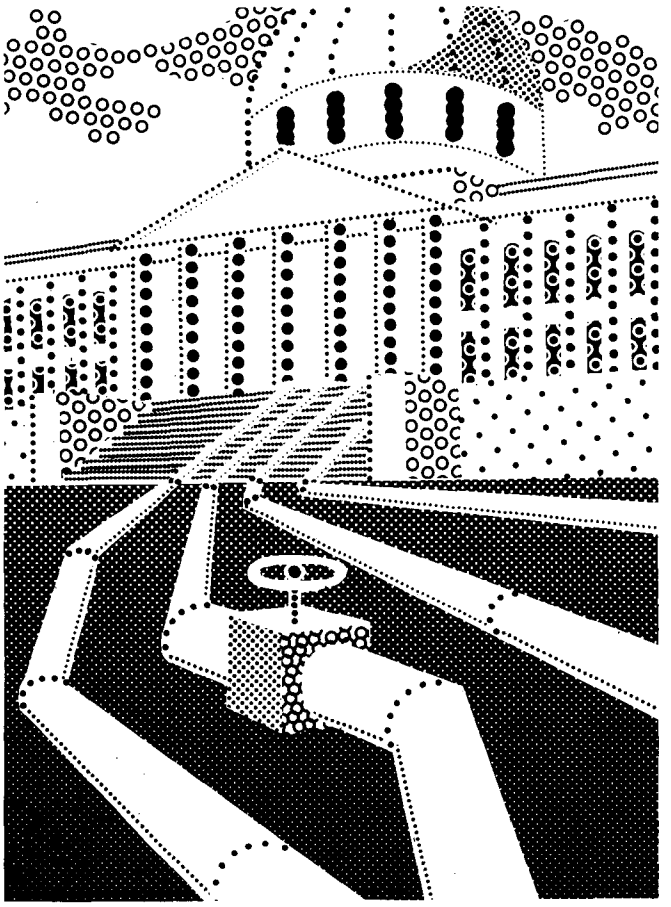
Established in 1978, several years after Energy Action, CLEC represented a loose amalgamation of labor unions, so-called consumerist groups, and local activist groups with ties to the leftist Midwest Academy in Chicago. By counting the members of its affiliate groups (especially the larger labor unions), CLEC claims to represent a large enough group of people to give it the credibility that Energy Action had lacked—it now boasts a membership of more than 13 million. At the same time, Energy Action's "research capability" helped CLEC give ammunition to its troops out in the field.

Actually, the merger really did little more than to formalize a relationship that had long existed between the two groups. Before the merger, Jim Flug had already been a member of CLEC's executive committee, and the groups shared a common view. Among the other CLEC executive committee members were Tom Hayden, of the Campaign for Economic Democracy; Ellen Berman, of the Energy Policy Task Force; Douglas Fraser, of the United Auto Workers; Lloyd McBride, of the United Steelworkers; Jerry Wurf, head of AFSCME, the public-employees union, until his death in 1981; and Robert Brandon, of Public Citizen, one of Ralph Nader's groups. (Brandon assumed the organization's executive directorship at the time of the merger.)

CLEC's success in organizing at the local level is unsurprising given its close ties to the Midwest Academy. The academy was founded in 1973 by Heather Booth, who also founded CLEC. In fact, she served as executive director of both organizations up to the time of the merger. The academy was an outgrowth of Booth's desire to see "a network of popularly-based statewide organizations with growing ties to labor and Left Democrats."

According to a June 1982 article in *In These Times* (a publication of the leftist Institute for Policy Studies), in establishing the academy "Booth set out to combine Alinsky's [Chicago activist Saul Alinsky of *Rules for Radicals* fame] methods with some of the goals of the '60s left. The students not only learned how to write a leaflet, organize a press conference and stage a dramatic protest, but also were encouraged to read Sheila Rowbotham's *Women, Resistance, and Revolution*, and articles on workers' control of industry by British socialist Michael Barratt Brown."

The article reported that "the Academy alumni constitute an informal network of political organizers that span the concerns of the post-'60s left. . . . In 1979, the network was formalized through the founding of Citizens Action, a national organiza-



tion of eight statewide groups, and CLEC. CLEC, founded by Booth and [International Association of Machinists] president William Winpisinger, brought labor officially into the Booth coalition strategy."

In a December 1980 article, *In These Times* writer David Moberg explained CLEC's raison d'être thus: "Energy supplies and prices are too important to leave in corporate hands. Both must be controlled by government in the public interest to assure equity, to minimize disruption of communities, to promote conservation and renewable energy sources, and to minimize monopoly power." To achieve this end, Booth envisioned CLEC as one component of "a common anti-corporate political program that would be supported in 1984 by 500 candidates

running for a variety of political offices," according to Moberg. These candidates, the leftist network hopes, will spearhead multi-issue coalitions and will be funded in large part by labor unions. The movement's need for union funding was made all the more necessary by a loss of federal funds that accompanied the advent of the Reagan administration.

Even from the organization's earliest days, some questions had been raised concerning CLEC's receipt of federal funds. There was, for example, a February 15, 1979, memorandum from John Lewis, associate director of domestic operations for Action, a federal agency established in 1971 to promote citizens' self-help groups. Lewis cited a number of areas of concern about CLEC's relationship with the Midwest Academy. "In reviewing the staff of CLEC," noted the memo, "we discover that Heather Booth is listed as the Executive Director of CLEC. She is also the Director of the Midwest Academy which is providing training to CLEC. There appears to be a conflict of interest which needs to be reviewed." Lewis's concern was that since the Midwest Academy was receiving Action funds to train activists, was CLEC being funneled federal funds without going through the required review process?

"It should also be noted," continued Lewis, "that the addresses of CLEC and the Midwest Academy are the same, 600 West Fullerton, Chicago, IL 60614. Unless that address is of a large building involving many organizations that are not affiliated with each other sharing a common address, then we should question whether or not CLEC is simply using the Midwest Academy's Chicago address for its own convenience. While the commonality of the address deserves some consideration, the substantive question is whether or not there is in fact a genuine organizational separation between CLEC and the Midwest Academy."

The 1979 Action memorandum raised one other issue that provides, at a minimum, a bit of comic relief. "A final note: CLEC conducted a Regional meeting several months ago to develop its Coalition. The meeting was conducted in Cherry Hill, New Jersey, which is one of the wealthiest communities in the country, a place where low income people are not likely to frequent."

But it seems as though CLEC eventually worked out its problems with the federal government—at least for a time. Between 1979 and 1981, the group received several grants from federal sources—including $30,000 from Action, $57,640 from the Department of Energy, and $200,000 from the Community Services Administration—as well as the government-funded services of eight VISTA trainees. With the Reagan-initiated cutoff, however, CLEC has turned to a time-honored means of fundraising—door-to-door soliciting—to supplement its labor-union funding. More important, door-to-door canvassing not only raises money but brings CLEC's message to the general public as well.

It is this grass-roots campaign that makes the efforts of CLEC and Energy Action unique. Active in some 35 states, with a special emphasis on five major metropolitan areas (including Washington, D.C., and New York), CLEC estimates that its message reaches 50,000 people every evening. This tactic is made all the more effective by CLEC's extensive use of local volunteers—often college or high-school students. It would be hard to overestimate how persuasive a CLEC spokesperson might be when the person is the son or daughter of your next-door neighbor and is armed with Energy Action's impressive statistics. The question is, are the statistics valid?

In spite of the impact of CLEC's and Energy Action's studies, the fact remains that among observers of the energy scene, they are the subject of controversy. The most frequent criticism is that CLEC and Energy Action "hype" their figures to prove their points and frequently ignore basic economic principles in computing these figures. Critics contend that their reports are, at a minimum, biased; at worst, outright fantasy. Do these charges stand up?

Slippery Oil Analyses

Typical of the criticisms concerning CLEC and Energy Action studies are those levied at Energy Action's *Divestiture Factbook.* The report was published in 1976 to promote passage of a Petroleum Industry Competition Act, which would have required major oil companies to divest themselves of certain assets. The energy industry called the study misnamed, because it "summarizes familiar and still unsupported and unsupportable charges."

For example, implicit in the study's criticisms of the oil industry is the assumption that the oil markets are not competitive. The weight of evidence, though, does not support this view. Some 10,000-odd firms are engaged in exploring for and producing oil and gas, and concentration in the oil industry is lower than the average for all manufacturing in the United States. Moreover, a relatively large number of companies have entered the business since the end of the Second World War, so entry into this market appears to be quite easy.

Finally, despite a few bulges in the oil industry's profit picture—which coincided with some of the larger OPEC price increases—oil-company profitability has not generally exceeded that of other manufacturing concerns. During the five years following the 1973 OPEC embargo, oil-industry profits averaged about 1½ percentage points above the average for all industries. Today, oil profits have declined to levels below the average for all industries. So the tests that economists apply to determine competition in a market—degree of concentration, ease of entry, and profitability—all tend to oppose the notion that the oil industry's structure is monopolistic (dominated by a single large firm) or even oligopolistic (dominated by a few large firms).

Could Energy Action merely have interpreted these facts differently? There is, after all, wide room for disagreement among economists. This explanation seems doubtful when one considers cases in which the figures used by CLEC and Energy Action exceed the bounds that could properly be attributed to differing economic interpretations.

To illustrate this, consider one of the most widely quoted CLEC reports—a 1981 study of the effects of decontrolling natural-gas prices, entitled *Gas Bill Blues.* In describing their methodology, the study's authors state: "For each region the per month increase in well-head costs is computed by determining the difference between current well-head costs and the well-head costs equivalent to $60/barrel of oil ($10/Mcf)." (The wellhead price of oil or natural gas is that charged by the producer, who drills and operates the wells. The price of oil is in dollars per barrel and that of natural gas in dollars per thousand cubic feet [Mcf]. Analysts compare the prices of oil and gas based on the amounts of each that will yield the same amount of energy—this being expressed in BTUs, for British

PRINCE OF FUELS

Natural gas is a "fossil fuel"—like oil, it is the product of the decaying remnants of ancient microscopic sea life—and is found beneath the earth's surface and beneath the ocean bottom. The highly combustible substance is a mixture of various hydrocarbons, 80 percent or more of which is methane. When ignited, methane gives off water and carbon dioxide. Because it is nonpolluting and simple to use, natural gas has been called "the prince of fuels."

Natural gas provides nearly 27 percent of all energy consumed in the United States. About half of the nation's homes—45 million or so—are heated with gas. Indeed, of all the gas domestically consumed each year (currently about 20 trillion cubic feet), 41 percent goes to residential and commercial space heating. Industrial uses—of primarily, fueling boilers—account for another 38 percent of all gas used, and 18 percent goes to generate electricity.

While oil rarely occurs at more than 15,000 feet under the ground, large amounts of gas have formed at such depths. But until fairly recently, the technology to explore for gas was an off-shoot of oil-exploration technology. Hence, there was no reliable way of finding gas at depths below 15,000 feet. In the mid-'70s, with the development of computer-enhanced exploration methods, all this changed. Now, with good accuracy, geologists can identify gas reservoirs as far down as 40,000 feet. In 1975, the US Geological Survey estimated the amount of untapped, recoverable domestic gas to be about 470 trillion cubic feet; today, that estimate is between 750 trillion and 1,000 trillion cubic feet (albeit much would require expensive recovery techniques).(Some less-conservative estimates are nearly double that figure.)

Accounting for much of this newly identified gas are discoveries of huge reservoirs in several regions. Fields of deep gas, for instance, have been discovered in the Overthrust Belt, a 40-mile-wide strip of land that runs through the Rockies from Canada to Mexico. In the Anadarko Basin, in the Texas-Oklahoma region, another huge reservoir of deep gas has been identified. The Alaskan North Slope and southern Louisiana's Tuscaloosa Trend, too, have been shown to contain large amounts of gas. In the East, huge gas fields have been identified off the Atlantic coast, stretching from Florida to Maine. Still, perhaps less than 5 percent of all onshore areas likely to yield commercial amounts of gas have actually been explored, and even less of the offshore areas.

So promising are the estimates of domestic gas resources that this fuel has been eyed lustfully by many as a way of breaking OPEC's hold on the economy, by others as the primary source of "clean" energy until solar power and other technologies can take over. Indeed, some environmental groups—such as the Conservation Foundation and the National Audubon Society—have backed the decontrol of gas: if prices are decontrolled, they will go up, say these environmentalists, thus forcing gas users to conserve this resource. Moreover, they reason, the rising prices will spur the development of alternative energy technologies.

How much of these reserves producers find profitable to recover mostly depends on regulations and price controls—or the lack thereof. Clearly, in a free-market environment, producers would most likely recover as much gas as consumers would be willing to pay for. Under price controls and regulation, however, distortions will occur in the interaction of supply and demand—that is, the negotiations through which producers and consumers determine what the commodity is worth to each. Artificially low prices result in shortages (as occurred in 1976-77); partial decontrol—the current policy under the Natural Gas Policy Act—stimulates production of the most profitable category of gas (decontrolled gas, that is), thus requiring the economy to invest more resources to produce less energy.

—E. M.

thermal units.) The CLEC study's methodology is assailable on two counts.

First, the $60-per-barrel oil price projected by CLEC for 1984 strains credulity under current market conditions and was little more credible when CLEC released its study. With the recent disarray in OPEC and the widespread discounting of oil prices by its members, the average composite of crude oil now stands at around $31.00 per barrel. To reach $60 in 1984, it would have to increase nearly twofold over the next two years. But oil prices had actually *peaked* in March 1981, when the composite price (an average of foreign- and domestic-oil prices) hit $37.48 per barrel. By the time CLEC issued its report, in September 1981, the composite price had dropped to $34.11.

Second, even if we give CLEC's analysts a large benefit of the doubt about $60 oil (after all, projecting oil prices is at best a risky business), their figures are still way off-base, for it is not just the specific oil price they use to determine future gas prices that is at issue. Of far greater concern is the manner in which CLEC's analysts used that price to derive the equivalent price of natural gas.

Projecting natural-gas prices is an arcane art, but there are certain methods and practices upon which virtually all experienced analysts agree. Among them is the notion that the wellhead price the market would establish for natural gas—that is, the price under decontrol—would equal some *fraction* of the price of an equivalent amount of crude oil, using heat content (BTUs, normally) as a measure. Thus calculated, credible estimates of decontrolled gas prices range from a low of 55 percent of the price of an equivalent amount of crude (this from the American Gas Association) to a high of 70 percent (Department of Energy). In no instance is there any widely accepted estimate that uses the *full* world price of crude oil as a basis to calculate the equivalent wellhead price of natural gas. Several factors account for this.

First, the so-called burner-tip, or retail, price of natural gas is based on three elements: (1) the price of gas at the wellhead, (2) the cost of transporting it by pipeline to the local market, and (3) the cost of distributing it by the local utility to the ultimate end-user. Normally, transportation and distribution charges constitute the largest portion of the consumer's cost. At present, in fact, they account for fully 60 percent of the average retail price.

Second, the largest user of natural gas is industry, where the ability to switch to the alternate fuel (residual fuel oil) is widespread. Therefore, the end-use price of gas must be low

enough to compete with alternatives. This effectively puts a cap on what pipelines are willing to pay at the wellhead that is considerably below the full crude-oil equivalent, calculated on a BTU basis. (This is especially true now, since the price of residual fuel oil has averaged nearly 20 percent less than that of crude oil in recent months.)

Empirical evidence shows that when faced with high natural-gas prices, industrial customers do not hesitate to switch to alternatives. After passage of the Natural Gas Policy Act in 1978, when certain categories of gas were decontrolled, pipelines competed vigorously for the new supplies, fearing to be caught short of reserves (as many were during the record-cold winter of 1976-77). The price of this new gas was thus bid up. The pipeline serving the local gas utility in the Baltimore area, for example, locked itself into high-cost-gas contracts resulting in a 30 percent boost in gas prices for end-users. The utility's subsequent loss of industrial load was so alarming that it went to court, attempting to force the pipeline to accept cheaper gas from other sources. Nationwide, industrial users consumed 9 percent less gas in 1979 than in 1973 and are expected to double that reduction by 1990. And for commercial users, gas consumption was about 12.5 percent lower in 1979 than in 1973.

Third, higher gas prices will reduce not just industrial and commercial use. Over time, even some residential users will either switch to alternate fuels or install more-efficient equipment to reduce consumption. And many, of course, will simply turn down their thermostats, take shorter showers, and use the oven less. For example, residences consumed 15 percent less gas in 1979 than they did in 1973. Even using as a cap the price of number-two fuel oil—which most oil-heated residences consume—any natural gas selling for $10 per thousand cubic feet at the wellhead would be uncompetitively expensive. (Because the Natural Gas Policy Act of 1978 created around 30 pricing categories for gas, prices at the wellhead vary by as much as 3,500 percent. By "rolling in" the price of expensive gas with cheaper-priced gas, pipelines are currently paying at the wellhead an *average* of between $2 and $3 per Mcf.)

Why then, given these facts, did CLEC choose to base the wellhead price of natural gas on the full world price of crude—an inordinately high price to begin with? And most important, were these isolated examples, or were they characteristic of CLEC and Energy Action analyses? As I studied the groups' reports and press releases, those were some of the questions I sought to answer. And they were among the questions I put to CLEC analyst and Energy Action Director Edwin Rothschild in a recent interview.

Anticorporate Missionary

Energy Action's offices are located just off Washington's trendy Dupont Circle in a nondescript building that belies the organization's importance as a source of information and opinion to the media. Typically bustling with activity, there can be little doubt to even the casual observer that Energy Action is serious about its mission. Phones ring constantly, stacks of the latest Department of Energy and Federal Energy Regulatory Commission reports rise from desktops, secretaries pound away at typewriters. To no small degree, the level of activity in Energy Action's office indicates how much of a shot in the arm was its merger with CLEC.

When the two groups merged, in 1981, Ed Rothschild stayed on as director of what is now called the Energy Action Project of the Citizen/Labor Energy Coalition. At the time of the merger, Rothschild had been with Energy Action for some six years, having risen to the position of director prior to the union. Intense and articulate, his stacatto denunciations of "big oil" reveal a missionary zeal that underlies his assault on corporate America. A clear element of distrust of large oil companies seems to pervade his thinking.

He believes, for example, that collusion and price-fixing are widespread within the oil industry. "I don't think OPEC works alone," Rothschild says. "I think they [the OPEC producers] work together very closely, albeit from a different perspective, with the international companies." It is this belief that leads Rothschild to conclude that regulation of the oil industry is necessary. Yet, paradoxically, Rothschild also claims to prefer market solutions. "I don't like government regulation," he told me, "I really don't."

While Rothschild may *claim* not to like regulation, his solutions to energy problems invariably have a regulatory component. So I pressed him to offer circumstances he felt *would* permit gas decontrol. "I wouldn't go for decontrol under any circumstances," he said flatly.

Rothschild did admit, however, that there is mounting evidence that a competitive market exists in oil. Although not yet ready to concede this point, he claimed to have an open mind on the subject. "If I see continued price erosion, and more and more price competition in the world market, I'll become a believer that the market can work in oil," he said.

He does not believe, however, that he could *ever* see a competitive market in natural gas as long as the current market structure exists. Since interstate pipelines purchase gas from field producers and sell it to end-users, they have a "conflict of interest," claims Rothschild, that precludes competition.

What about CLEC and Energy Action's track record on the issue of oil decontrol? I asked. A number of their earlier studies, before oil was fully decontrolled in early 1981, had warned of the costs of such decontrol. I brought up, for example, an Energy Action press release of March 1979 with this headline: "Price Decontrol Brings Oil at 'Astounding' Costs of $56-$870 per Barrel." The text of the release went on to elaborate: "During 1980 and 1981, for each barrel of oil newly produced as a result of decontrol, the cost to the US economy could range from at least $56 per barrel under the most optimistic assumptions, to about $870 per barrel under assumptions which many experts believe are realistic. This compares to the current average U.S. domestic price of about $9.50, the U.S. 'new' price of approximately $12.50 per barrel, and the current OPEC price of $13.34."

The release quoted James Flug, then Energy Action's director: " 'The essential flaw in the whole decontrol theory is that Americans would have to pay decontrolled prices for huge amounts of oil which would have been produced anyway. Thus, even if decontrol does in fact stimulate a few extra barrels of oil, the total cost to the economy of those few barrels is so high as to make decontrol the most nonsensical, irresponsible, and expensive energy supply strategy imaginable.' " As I reviewed the release and Flug's comments, a number of questions arose in my mind.

For one, the exact nature of the "cost" figure used is highly

puzzling. In Energy Action's analysis, the "cost" was computed by taking the additional revenues that would accrue to producers in the early years of decontrol, and then dividing them by estimates of the marginal production that removal of price ceilings would stimulate. No attempt was made to adjust this so-called cost for state severance taxes (often as much as one-eighth of the selling price). The oil companies' increased production costs for pumping up harder-to-get-at oil were not considered. Nor was it acknowledged that only in the absence of controls are such enhanced recovery techniques economic. Most important, the study made no mention of the need for capital to finance exploration and the development of new fields. Nor did it mention the time frame needed for such efforts to show results. It is here, perhaps, that the study was most seriously flawed.

For more than two decades, from about 1957 to about 1979, investment in domestic exploration for oil had been declining. As a direct consequence of that decline, the level of domestic "proven reserves"—the total of identified and measured amounts of oil in the ground—shrank, and US oil consumers slowly became more dependent on foreign sources. The availability of cheap, Mideast crude was the initial cause of the slowdown in investment. But the Nixon administration's imposition of domestic price controls on crude oil in 1971 greatly exaggerated the trend by seriously hindering investment in exploration. In fact, the express purpose of later price decontrol was to address this very trend and, at a minimum, to halt the steady erosion of the domestic reserve base. With luck, some geologists and economists thought, the trend might even reverse.

As with any long-term trend, however, results were not expected in the short term. Even after oil is discovered, it normally takes at least three years to bring an oil field into full production. Development wells first must be drilled, gathering lines put in place, and, sometimes, treatment plants installed. For an offshore oil field, the time frame is even longer, taking as much as 10 years. Therefore, the short time horizon assumed in Energy Action's study—two years, at most—totally disregarded the time frame within which most of the benefits from decontrol would materialize. (In its report, Energy Action cited certain studies as the source of its estimates of post-decontrol oil supply. Interestingly, for the years *beyond* Energy Action's two-year time horizon, these same studies projected much higher figures for additional oil produced as a result of decontrol.)

So I asked Rothschild about the $870-per-barrel figure used to assess the cost of oil decontrol in the study. At first, Rothschild was somewhat evasive. He said he was unsure if he had worked on that particular study, noting that it was published under Energy Action's previous director, James

THE UNNATURAL GAS MARKET

When we light the oven to cook dinner or turn up the heat to take the chill off a cold evening, few of us are likely to think about the natural gas we are using and the complex market structure that brings it to us. Only when the monthly bill arrives do we give the subject any thought, and then our concern is the dollar figure on the stub. But, as for few other commodities, what the consumer pays for natural gas is principally determined by a host of federal regulations and the market structure they have spawned.

In the early part of this century, most natural gas was used locally, in the area where it was produced. By the 1920s, however, improvements in pipeline welding made possible the transportation of gas over long distances. Gas then quickly came into widespread use throughout the country. This sparked intense competition within the gas industry and eventually gave rise to calls for government intervention.

In 1935, Congress, responding to complaints from special interests, instructed the Federal Trade Commission to examine the competitive practices of pipeline companies, which bought gas from producers and sold it to utilities. Reporting back in 1936, the FTC alleged that chaotic, cut-throat competition was threatening to drive small gas producers out of business. The FTC also accused the pipelines of discriminatory pricing practices and urged federal intervention.

Congress responded in 1938 with the Natural Gas Act. Interstate pipelines were put under the jurisdiction of the Federal Power Commission (FPC), which had been created a few years earlier to regulate the interstate sale of hydroelectric power. The 1938 act specifically excluded from federal price controls the "gathering and production" of natural gas. But in 1954, with a landmark Supreme Court decision in *Phillips* v. *Wisconsin*, federal controls were extended to include the wellhead prices—those paid by pipelines to gas producers in the field—of gas earmarked for the interstate market (gas produced in one state and sold in another).

Over the next two decades, the FPC (later renamed the Federal Energy Regulatory Commission), under intense political pressure, exercised its power to keep the price of interstate gas low. With artificially low prices, producers had correspondingly less incentive to explore for new supplies of gas. So over the years, the proven reserves of natural gas—that is, the identified below-ground supplies of gas ready to be tapped—steadily diminished.

By the mid-'70s, the situation was approaching crisis proportions—a sudden surge in demand would throw the interstate gas market into disarray. During the 1976-77 winter, blizzards and record-low temperatures blasted the Northeast and Midwest, regions heavily dependent on gas. As demand rose to record levels, interstate pipelines were caught short of supplies. Federal regulators ordered gas service to industrial users curtailed to ensure residential consumers enough fuel to heat their homes, and Congress passed the Emergency Gas Act in 1977 to provide for the transfer of surplus gas (due to a lack of federal controls) from the intrastate to the interstate market.

In 1978, Congress passed the Natural Gas Policy Act (NGPA), which is still in effect today. Although widely described as a "decontrol bill," what the act really accomplished was an extension of federal controls to intrastate gas sales. The NGPA established a complex system of categories and subcategories—around 30 in all—of domestic gas wells. Pricing levels were established for each category and subcategory of gas.

Flug. Eventually, though, he did acknowledge that he had worked on the report but said, "It wasn't really a marginal-cost study." Yet, the press release said that it was measuring the "per barrel cost of such additional supplies"—in other words, what economists would call marginal supplies. But, what then *was* the study measuring? I asked Rothschild. "All of the cost increase" of decontrol.

What *did* happen to the per-barrel price of oil following decontrol is now, of course, a bit of history. As economic theory predicted, the market bid up the price of oil from its artificially low price under controls, and the higher prices stimulated both more production and consumer conservation. The price peaked in March 1981 (at $37.48 per barrel) and has been on a downward trend ever since, presently averaging about $31.00 per barrel.

A particularly disturbing—and revealing—aspect of the Energy Action oil-decontrol study is its assumption, albeit unspoken, that, while the market price of crude oil would not reflect its true value, a federally established controlled price would. This notion flies in the face of both logic and economic theory. If there is a willing buyer for a commodity and a willing seller, then the price they voluntarily establish through their transaction is an accurate measure of that commodity's worth to both parties. If it were not, no transaction would take place. It is only when a third force—government, for example—coercively interposes itself in such transactions that the price fails to reflect the true value of the commodity to each party.

More important, this assumption gives rise to the notion that the profits—or, in the scholar's jargon, the "economic rents"—from the production of oil do not belong to the firm or individual who produces it. Here again, with the exception of Marxist economic theory, there is no widely accepted discipline that would support Energy Action's implicit assumption regarding the rents from oil production.

This point came up in my discussion with Rothschild, this time in connection with gas decontrol. Although he claims to believe in the necessity of "incentive prices," Rothschild does not believe that producers should receive a market price for their gas. "What is inhibiting new gas drilling is not the price—it's the glut," he said. But more to the point, he questions the right of producers to reap the full economic benefit of their production. Asking, "Why should the economic rents be kept by producers of that gas?" Rothschild made clear his opinion that natural gas is, in some sense, a commons—something that belongs to all.

Moreover, Rothschild rejects the notion that price controls create artificial prices. "Where you draw the line between what's artificial and what's real is really a serious philosophical argument," he contended. But "under controls," he said, "you would have adequate prices and incentives."

With one exception, prices are limited to some level below that which the market would establish.

The central idea of the act is to allow gas prices to rise gradually to a target level by 1985. But with that level based on an estimated 1985 crude-oil price of $15 per barrel (about half the current world price), the federally scheduled rises soon fell behind the market.

The single exception to federally imposed ceilings is the price of so-called deep gas—gas extracted from below 15,000 feet. At the same time, the price of "old gas"—gas that had already been tapped by April 1977—is to be held constant (with allowances for inflation) until it is all depleted. Because deep-gas producers can charge whatever the pipelines will pay—and other producers must accept below-market prices—an anomaly has ensued: the price of deep gas has risen to as much as $11 per thousand cubic feet, while other gas (mostly controlled, old gas) is selling for as little as 21 cents per thousand cubic feet. But the high price that deep gas can command has skewed investment away from less-expensive—but price-controlled—sources; so more and more of the gas replacing the shrinking supplies of old, cheap gas has come from deep wells. Consequently, consumers are getting the worst of all worlds. Prices go up while supplies diminish, for the high cost of drilling deep wells means that fewer can be drilled with the same amount of capital than would be the case if more-accessible supplies were sought.

Within the gas market, meanwhile, there are few incentives for pipelines to hold down the price they pay at the wellhead for gas, and this is a direct outcome of regulations. Federal regulators issue the required "certificate of public necessity and convenience" only if a pipeline can furnish proof of adequate supplies to meet its customers' needs for 20 years. Most supply contracts between pipelines and producers, therefore, are for relatively long periods—10 to 20 years and sometimes longer. Following the shortage of 1976-77, for example, this resulted in many pipelines' locking into high-priced contracts.

In addition, most states prohibit local distributors (utilities) or large industrial gas users from contracting directly with producers. Moreover, pipelines and utilities—with federal and state sanction—can raise their rates to cover increased costs, which are thereby passed on to the end-user.

Soon after passage of the NGPA, as prices began to rise quickly and supplies became uncertain, many industrial users of gas installed "dual fuel capability" boilers, which can burn either gas or oil. Initially, the units were installed to ensure that factory operations could continue if gas service was curtailed. Today, they allow companies to take advantage of the lowest-priced fuel available—oil's price decline has made it increasingly competitive with natural gas.

Industrial-sector conservation hits residential consumers with a second price whammy. First, the consumer pays a higher price for the gas itself—a higher price caused largely by price controls that discourage production of low- and medium-priced gas and encourage production of high-cost gas. Second, the consumer pays a larger transportation charge: A pipeline's charge is based on its fixed costs plus a return on investment. When industry decreases its use of gas, the pipeline spreads its fixed costs over a smaller number of units moving through the system. Hence, the per-unit transportation cost is larger for all consumers, including, of course, residential users.

So bollixed up is the current national policy on natural gas, then, that proposals for reform of every species imaginable have issued from numerous quarters. The current passel ranges from putting *all* gas under price controls (and even rolling prices back to early-'70s' levels) to fully decontrolling the price of all gas immediately. And so the debate goes on.

—M. C.

Ignoring the Facts

Clearly, Rothschild is thoroughly familiar with at least the terminology of energy economics and with economic theory about how the energy market operates. I wanted to know, then, why some of the CLEC and Energy Action studies in which he participated seem to completely ignore basic principles of economics. As an example of this, I mentioned CLEC's assertion, in its *Gas Bill Blues* study of 1981, that the wellhead price of natural gas would rise to the full BTU-equivalent world price of crude oil if federal price ceilings were lifted.

"When we did our first study back in February of 1981," Rothschild told me, "we made a number of assumptions. We said that, early on, oil companies said that gas would be the equivalent of oil at the wellhead. We quoted some people making that argument. I don't buy that argument. But, if in fact that were the case, that would be [an] extremely high price of gas. But there is no question in my mind—realistically speaking, we don't think that the price of gas is going to go to the wellhead oil equivalent price." Remember, Rothschild represents an organization that predicted that following decontrol, gas prices would increase to the full equivalent of $60-per-barrel crude oil.

Even more surprising is what followed. "Where the equivalency will be," Rothschild said, "is more at the consumer end, where the price will more nearly equate with number-six or number-two fuel oil, depending on the markets served." What makes this statement so astonishing is that that's precisely where industry experts predict the decontrolled price of gas would eventually settle.

My question, then, was why CLEC/Energy Action had apparently reversed its previous posture. Rothschild had a ready reply: "We now are not going to talk about wellhead equivalency any more, because no one buys it, no one believes it's going to happen, and realistically, it's unlikely." But, then, I wondered, if they now see that prices *wouldn't* go that high, does this mean that the organization will no longer advocate controls? Not on a bet. "There's no question that we would have a regulated price," said Rothschild.

And some of the methods that CLEC/Energy Action seem willing to accept in the name of regulation of the gas market are disturbing. For example, during our interview Rothschild expressed open admiration for the ability of Canadian officials to seize a firm's records. "They don't have to go through the process of getting subpoenas," Rothschild noted. "They can just walk in and get the files." This ability may well facilitate bureaucratic inquisitions. But like most infringements on freedom, it holds enormous potential for abuse. When coupled with Rothschild's view of the illegitimacy of profits from gas production, the scenario is, to say the least, alarming.

One can almost picture the hordes of Energy Department bureaucrats swarming over the files of firms ranging in size from Exxon to no-name independents holding only a few barrels of oil or small amounts of gas. In such circumstances, the smaller producers would most likely be the ones charged with violations and driven out of business, for they can least afford the expensive legal talent to cope with complex regulations. Ironically, circumstances precisely like these, which Rothschild seems to favor, might eventually bring about the very big-oil domination of the industry he believes now exists.

It is not only economic theory that CLEC and Energy Action studies ignore—sometimes they simply ignore the facts. For example, in June 1981, Energy Action released *Where Have All the Dollars Gone?* A press release accompanying the report quoted Rothschild: "This report shows that the [oil and gas] companies are accumulating cash faster than they are able, or willing, to spend on the legitimate search for oil and gas."

What are the facts? Between 1978 and 1980, oil-industry revenues from domestic production grew at a 37 percent annual compounded rate. Over the same period, outlays for exploration and production grew by a 49 percent annual compounded rate. Moreover, between 1980 and 1981, when domestic net income for the oil industry was essentially flat, outlays for exploration and production grew by fully 45 percent.

Rather than underspending on exploration and production, domestic firms are actually spending substantially more than their domestic net income. In 1979, investment in domestic exploration and production exceeded domestic net income by 47 percent; in 1980, by 44 percent. In 1981, when the profits of the 25 largest oil companies totaled $28 billion, these companies invested $53 billion in exploration and development—nearly *double* their profits. Overall, the oil industry invests about $1.50 this way for each $1.00 of profit.

These figures hardly depict an industry that has far more income than it is willing to put into exploration. It appears, then, that garnering headlines by issuing sensational reports is of far more importance to CLEC and Energy Action than is reasonable and economically sound analysis of the facts.

Controls and More Controls

A further, glaring example of this headline-hunting tactic is a statement issued by William W. Winpisinger—president of the International Association of Machinists, president of CLEC, and an avowed socialist—on the occasion of CLEC and Energy Action's merger. At a December 1981 press conference to announce the merger, Winpisinger alleged that had natural gas been fully decontrolled earlier that year—as the Reagan administration had once proposed—"every American household" would have ended up "paying $50-$100 per month more in their gas bills." This certainly would have been a serious burden for millions of families—if it were at all possible. No such increase, however, could have ensued.

The magnitude of the price rise Winpisinger projected was by itself so large as to lack credibility. The burner-tip price would have had to increase by between 91.7 percent (to equal a $50-per-month increase) and 183.4 percent (to equal a $100 rise). Moreover, these events would have had to occur in the face of a number of restraining factors.

Mr. Winpisinger made no mention, for instance, of what local public-utility commissions would be doing while the price hike took effect. Nor did he consider the effect of long-term

contracts, which many pipelines companies hold with producers. Recent estimates indicate that as much as 16 percent of all natural gas is under long-term, fixed-price contracts at levels substantially below the current market rates, much less the enormous prices Winpisinger's statement alleges.

Finally, no consideration seems to have been given to the interaction of the supply and demand of natural gas and how this works to hold down prices. (If increased prices for gas stimulate greater production and thus increase the supply, more gas will have to compete for buyers. But as prices rise, demand will decline: some users will switch to other fuels—which, in the face of gas-price rises, will have become competitive—and some will reduce their consumption. Producers, then, respond

by lowering prices. Eventually, the price will stabilize at some midway point.)

While the CLEC statement may have been good press, it was bad analysis. But press relations have always been both CLEC's and Energy Action's strong suit. "High-exposure, low-cost lobbying" is their "trademark," one *Houston Post* writer observed. "Their studies predicting heating bills could double, or even triple, under total decontrol were loudly denounced as containing 'hyped-up figures' by those supporting decontrol, but nonetheless made headlines, and generated letter writing campaigns to Congress."

One study that made headlines is an Energy Action report, released in May 1981, on oil companies' land holdings. It claimed that the "major oil companies are sitting on land the size of the state of Texas that is not producing any oil or natural gas." The press release accompanying the report quoted Ed Rothschild: "These findings clearly demonstrate that the major oil companies, not the Federal Government, have been locking up land in order to cash in on higher oil and gas prices" in the future. He went on to say, "This private lock-up has resulted in less oil and natural gas production and more reliance on OPEC oil as well as immense profits for the companies." These are headline-grabbing statements indeed, but do they have any basis in fact?

To arrive at these conclusions, Energy Action cleverly drew an artificial distinction between what it called "developed" and "undeveloped" acreage. The only trouble with this distinction is that it had no relevance to the issue at hand—that is, whether or not the oil industry was deliberately holding back production on its leases. Energy Action defined "developed acreage" as land on which oil or natural gas was already being produced in commercial quantities. But this totally ignores the fact that many other activities must precede the commercial production of fuel from a given lease. Further, it ignores the fact that a dry hole could be drilled or that noncommercial quantities of oil might be discovered. In short, the definition is such that it assures a "proper" conclusion, even if accidentally.

Perhaps more disturbing, though, is that other information—such as the domestic-rig count or the number of exploratory wells drilled—would have all tended to refute the contention that oil firms were not vigorously pursuing new domestic supplies. This information was certainly available to Energy Action—it exists in numerous public documents—yet it was not cited or even considered.

On another point of methodology—CLEC's and Energy Action's use of nominal, rather than constant (inflation-adjusted) dollars when projecting future costs—Rothschild said to me, "The general public doesn't deal in constant dollars." I noted that the use of nominal dollars would tend to overstate the effect of an economic phenomenon. When pressed as to whether some measure with less bias, such as indicating future costs as a proportion of income, might not be preferable to the use of nominal dollars, Rothschild responded, "I think that's right. That's a good way of doing it." But if it is "a good way of doing it" now, why hadn't CLEC and Energy Action done something like it all along?

While Rothschild now acknowledges that previous studies overstated how high the price of natural gas would rise under decontrol, those studies remain a part of the public record and continue to misinform people. Why, one might ask, aren't corrections issued? Similarly, now that experience has proven that CLEC's initial predictions regarding the cost of oil decontrol have proven incorrect, why isn't the record set straight there, as well?

As he does with these questions, Rothschild deftly jumps around the various issues of natural-gas decontrol. After acknowledging, for instance, that the market clearing price would be about where the industry says, and that price incentives are needed to stimulate production of new gas supplies, and that current controls don't work, he *still* suggests that the obvious answer to the problem is *more controls.* This, it should be noted, despite the fact that Rothschild claims that he doesn't like government regulation.

Time and again in my discussion with Rothschild, he glossed over inconsistencies and contradictions in CLEC and Energy Action studies, often acknowledging at the same time the validity of my criticisms. Still, in the end, he continues to advocate the same positions and to make largely the same arguments.

This was made painfully clear on March 22, 1983—*after* my interview with Rothschild—when he testified before the Subcommittee on Fossil and Synthetic Fuels of the House Committee on Energy and Natural Resources, on the subject of further controlling rather than decontrolling natural gas prices. In his prepared statement, Rothschild said: "In its report, 'Gas Prices Out of Control: The Cost of Inaction,' the Coalition found that maintaining the status quo—the Natural Gas Policy Act—would raise wellhead prices by 70 percent over the next four years and residential bills by 55 percent." The hype is still there. No doubt the sensational headlines will continue to follow. ◧

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What foments violence and war? What fosters peace? A political scientist tallies the evidence.

By R.J. Rummel

THE FREEDOM FACTOR

Democratic leaders should recall that wars between democratic states have not been seen in the twentieth century. Indeed, wearied and demoralised though modern man's democracies have sometimes been, there is no instance at all of any of them being bellicose against each other: an elementary truth which their leaders should take a little trouble to point out to their critics.

—Hugh Thomas, *A History of the World*, 1979

Of the four horsemen of the apocalypse—war, strife, famine, and pestilence—mankind has all but eliminated one and is succeeding in reducing a second. The plagues and diseases that were a scourge of death through whole nations and continents have been conquered by medical science, modern sanitation and health services, and international cooperation. Disease is still with us, of course, and epidemics do occur. But these are now isolated and contained; at their worst, they are nothing resembling those of the past.

And although mass hunger and starvation is still a huge and heart-rending problem, particularly in Africa, agricultural and nutritional research and advances in agricultural machinery and techniques have made it possible to conquer hunger. Mankind now knows and has the wherewithal to do what should be done; famine is largely a problem of economic and political organization, of values and of dislocations due to war and strife, not of knowledge or technology.

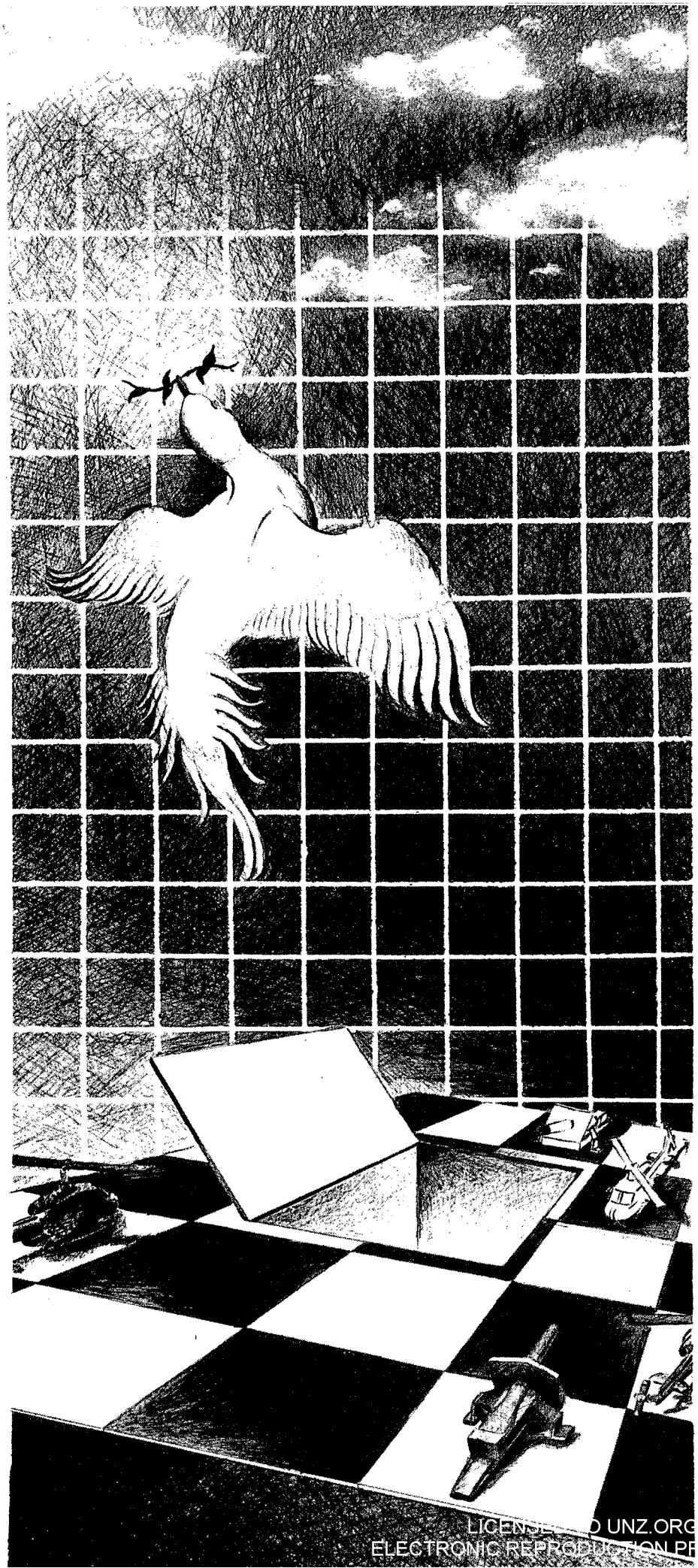
But while pestilence is vanquished and famine reduced and controllable, war and violent strife are still the supreme mass killers. We are presently no less consumed by collective bloodshed than when Thucydides wrote *The Peloponnesian War* over 2,400 years ago. Consider: World War I killed about 10 million people; World War II about 40 million. Add the other several hundred international and civil wars, plus the mass killing of their own citizens by the Hitlers, Stalins, Idi Amins, and Pol Pots, and *the death toll from war and violence in the 20th century probably well exceeds 200 million.* And this is without a nuclear exchange.

Before such figures, most people feel helpless. Among the diverse plans and proposals for defeating, or at least reducing, this great scourge of mankind, not many have been realistic. Of the practical ones, none has been successful. As I write this, people are dying en masse in civil or international wars involving El Salvador; Angola; the Republic of South Africa in Namibia; Morocco in the western Sahara; Chad; Israel, Syria, and the Palestinians in Lebanon; Iran and Iraq; the USSR in Afghanistan; and Vietnam in Cambodia.

No wonder many are skeptical of mankind's ability ever to control such violence. Nothing has helped—not the growth in international organizations, education, cross-national ties, popular antiwar movements, or science. The result is deep frustration and despair, partly reflected in the latest mass movement opposing nuclear weapons: if war is to occur, and history and current events seem to say that it will, then at least deprive states of those weapons that may destroy us all in the final apocalypse.

There *is* hope, though, and it comes from scientific research in recent years on collective violence. Pestilence was conquered in theory when science answered the what, how, and why; it was conquered in fact through appropriate organization and medical services. Famine likewise has been beaten in theory by science and technology, while the political and economic organization most conducive to prosperity has subsequently ended famine in many parts of the world. For war and violence, we are

Illustration by Tom Dillon



still at the state of conducting scientific research to subdue them in theory. But that research has already produced some highly significant and practical results. In a nutshell, what social science has found is that *the more freedom a state has, the less its internal and foreign violence.*

While there were isolated early attempts to apply scientific methods to understanding and controlling war and violence (notably by Lewis Fry Richardson, an English meteorologist and Quaker, and by Quincy Wright, a professor of international law and relations at the University of Chicago), the scientific study of war and violence really began in the mid-1950s. The great fear of nuclear war, coupled with an appreciation of the success of scientific research during the Second World War, stimulated many with scientific skills and dispositions to apply them to this area. By the early 1960s, there had emerged within political science a new discipline focused on understanding and resolving violence. Today, peace science, or irenology (from Irene, the Greek goddess of peace), is a fully functioning discipline with journals, scientific associations and meetings, a community of scientists, and the first newly established academic departments granting advanced degrees.

A pacifist in my youth, deeply affected by the killing of World War II and horrified by the potential of nuclear weapons, I have been part of the growth of irenology from its beginnings. I began my academic work in physics and mathematics, transferred to political science, and began in the late 1950s to apply the tools of science to understanding war and peace. Here, I will keynote the major conclusion of over 15 years of research, a conclusion that I believe offers great hope for minimizing violence and eliminating war.

I would not be a good scientist if I did not concede that such hope must be qualified. Enough research has been done by enough different scientists on enough different cases and periods of time and using enough different methods to say that the results are significant and most likely valid. But much more remains to be done, and future research could modify or negate these results. When facing the most serious of mankind's problems, however, such necessary caution can be overdone (especially when numerous politicians and intellectuals, without having seriously studied the problem, proclaim one cause or solution to war to which they would commit mankind's resources).

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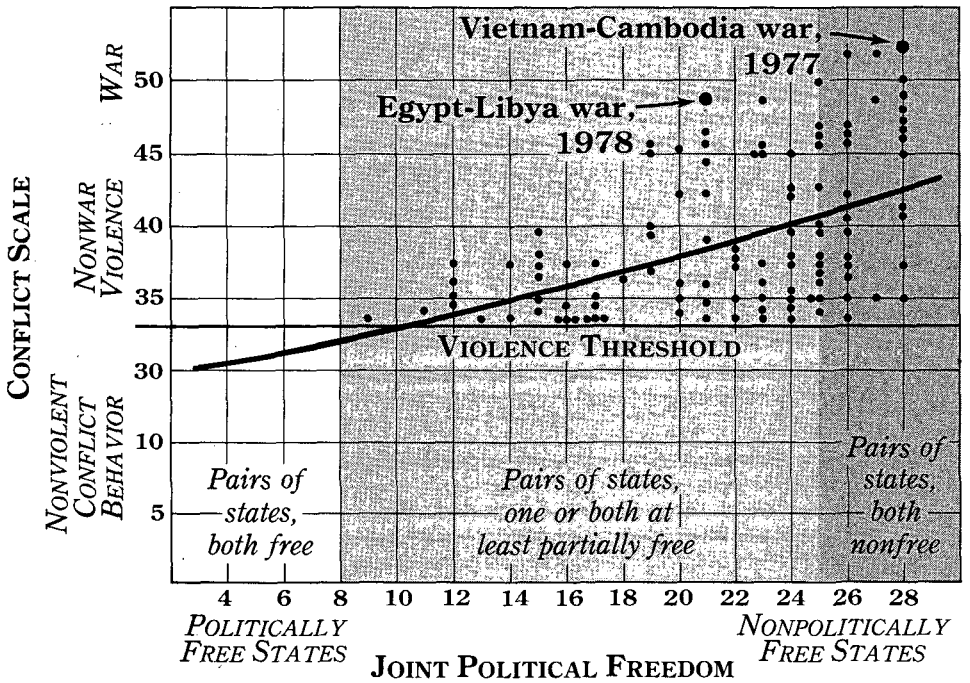
In what follows, I will present some of the evidence for and explain two related conclusions about violence and war: that freedom is inversely related to violence and that there is no war between liberal democratic states. A liberal democracy is defined as a state that respects basic civil liberties and political rights (such as freedom of the press, religious freedom, and open, competitive elections with a near-universal franchise). A "free state" is not defined relative to other states, as would be the case if the internally freest one-fourth or one-fifth of all states were taken as the sample of those with freedom. Still, the threshold for a liberal democracy used here may be too low; that is, a fair amount of government control and dictation is not precluded. An interesting result, however, is that when freedom *is* considered relatively, as when it is correlated with violence, we find that the more freedom, the less violence; the implication is that even in liberal democracies, what violence there is could be reduced further by increasing individual freedom.

Now, some evidence. In the historical period for which there are systematic data, 1816-1981, there were more than 50 interstate wars, *not one of which actively involved an established liberal democracy on both sides.* This lack of wars between democracies is sufficient to show the great peace-making and peacekeeping virtue of freedom. It cannot be statistically explained by lack of common borders or by the existence of few democracies. (Freedom House identified some 38 liberal democratic states in 1980; see the list on page 35.) Only some common internal factor—the existence of freedom—can explain the result.

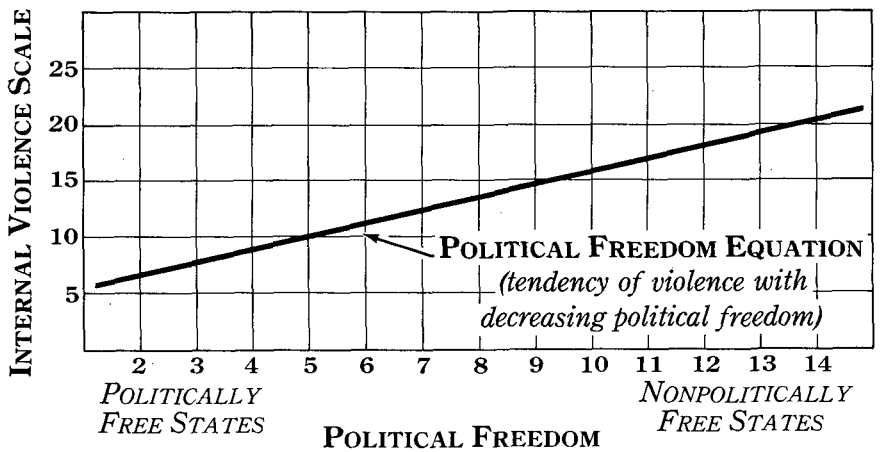
Additionally, democracies not only avoid wars among themselves but have minimal violent interactions with other nondemocratic states as well. To explore this point in detail, I identified every known case of violence between two states during the five-year period 1976-80. I assigned a (rank-order) numerical score to each case, based on the degree of violence involved. (Nonviolent conflicts were scored from 1 to 33, violent conflicts short of war received scores of 34 to 43, and wars were scored from 44 to 52, depending on their seriousness.)

In order to assess the relationship between violence and political freedom, I then derived a combined score for political freedom in the states involved in these conflicts. I used here the Freedom House seven-point rating scales for political rights and civil liberties, where 1 represents the greatest extent of freedom and 7 the least. By adding together the ratings on these two measures and then the resulting political-freedom

International Violence Versus Political Freedom 1976-80



Internal Violence Versus Political Freedom 1976-80



The State of Freedom—1980

Politically Free*	Free**
AUSTRALIA	AUSTRALIA
AUSTRIA	
BAHAMAS	BAHAMAS
BARBADOS	BARBADOS
BELGIUM	BELGIUM
	BOTSWANA†
CANADA	CANADA
COSTA RICA	COSTA RICA
	CYPRUS†
DENMARK	
DOMINICA	DOMINICA
ECUADOR	ECUADOR
FIJI	FIJI
FINLAND	
FRANCE	FRANCE
GAMBIA	GAMBIA
GERMANY (WEST)	GERMANY (WEST)
GREECE	GREECE
ICELAND	ICELAND
IRELAND	IRELAND
ISRAEL	
ITALY	ITALY
JAPAN	JAPAN
KIRIBATI	
LUXEMBOURG	LUXEMBOURG
NAURU	
NETHERLANDS	
NEW ZEALAND	NEW ZEALAND
NORWAY	
PAPUA-NEW GUINEA	PAPUA-NEW GUINEA
PORTUGAL	
ST. VINCENT	
SOLOMON ISLANDS	SOLOMON ISLANDS
SWEDEN	
SWITZERLAND	SWITZERLAND
TRINIDAD AND TOBAGO	TRINIDAD AND TOBAGO
TUVALU	TUVALU
UNITED KINGDOM	
UNITED STATES	UNITED STATES
VENEZUELA	

*__Political freedom__ *equals civil liberties plus political rights. The rating is done by Freedom House and given annually in their Jan.-Feb. FREEDOM AT ISSUE and in Raymond D. Gastil's yearbook, FREEDOM IN THE WORLD: POLITICAL RIGHTS AND CIVIL LIBERTIES (Westport, Conn.: Greenwood Press). Political rights are defined by an open, competitive electoral process through which leaders are clearly elected. Civil liberties comprise freedom of the press and independence of the major media from government dictation; protection of the individual by the courts; freedom to express individual opinions without fear of imprisonment; respect for private rights and desires in religion, occupation, residence, education, and the like; and the individual's ability to engage in rational political activities without fear for his life.*

**__Freedom__ *equals political freedom plus economic freedom. Political freedom is defined above. Economic freedom is defined in terms of an industrial or preindustrial capitalist economic system and is based on Gastil's classification of states by their economic system.*

†*A lack of some political freedom is compensated for by considerable economic freedom.*

ratings of the two countries involved in a conflict, I obtained a measure of the degree of *joint* political freedom. The higher this number, the less joint political freedom for the pair.

The top figure on page 34 shows what happens when we plot the cases of interstate violence on a graph, indicating the degree of violence on the vertical axis and the joint political freedom on the horizontal axis. For example, the Egypt-Libya War in 1977 and the Vietnam-Cambodia War in 1978 are both high on the conflict scale, but the latter is much further to the right because the two states have a high degree of nonfreedom. In fact, the horizontal axis can be divided into three regions: pairs of states that are both politically free, pairs of states in which one or both is partially free, and pairs of states (like Vietnam and Cambodia) that are both nonfree. It is notable that there is not a single incident of violence between the pairs of states rated politically free.

Some basic statistics can be used to define a mathematical function describing the pattern made up by all these data points. The result is the slightly upward-curving line drawn in the figure—what statisticians call a "growth curve." This curve crosses the violence threshold (the point where the vertical scale changes from nonviolent to violent conflicts) *outside* the region of pairs of politically free states. In other words, there is solid statistical evidence, at least for the years 1976-80, that *free states do not engage in violent interactions* and that *violence between states increases with their lack of freedom.*

Moreover, democracies do not even approach the threshold of violence. Military warnings, alerts, threatening troop movements, or shows of force between democracies are virtually unknown. In the course of my research on this five-year period, I have also plotted the peak conflict behavior (the highest level of conflict, whether violent or not) between pairs of states. When I statistically derived a curve that fits these data points, I found that it moves up sharply as we progress along the horizontal axis from politically free to nonfree pairs of states. Peak conflict between free states consisted of negative communications and negative sanctions and only in a few cases of warnings and defensive acts. The violence threshold is not crossed over until we move well into the region of partially free state pairs.

What about collective social or political violence *within* states? Here also, *freedom reduces or eliminates collective violence.* This is illustrated by the bottom figure on page 34, which shows the best-fitting curve for data points for 261 cases (all I could find) of collective violence within states for 1976-80 (riots, revolts, rebellions, assassinations, guerrilla war, terrorism, social violence, etc.). Again, although the data points themselves are not shown, each incident's degree of violence was plotted against the political freedom score of the state in which the violence occurred. The result is quite clear: *the less freedom within states, the more collective violence.*

The political freedom scores used here have been based on Freedom House's measure of the extent to which civil liberties and political rights are respected within these states. This measure, however, ignores the extent of economic freedom within a society. (For example, the adjacent table shows which of the 38 states rated politically free in 1980 also have substantially free economies.) In my own research, I have also considered *total* freedom (that is, political *plus* economic freedom) in the statistical calculations used to derive the relationship between freedom and violence. The results were similar curves, displaced somewhat from the ones based on political freedom alone. What I found was that for a given level of political freedom, *the level of interstate violence is greater without economic freedom.* I obtained the same conclusion for internal violence. In short, economic freedom is a (statistically) significant factor in reducing both internal and interstate violence.

To sum up, freedom minimizes violence. Within free states, there is the least violence. And between free states, war does not occur and violent conflict is virtually unknown.

Is the demonstrated inverse relationship between freedom and violence explainable? Two concepts play a critical role in understanding this interesting result. One is *cross-pressures*, the other *polarization.* Spontaneous societies in which the government's role is small have a variety of different contending powers (such as the churches, corporations, large landowners, labor unions, the press), diverse competitive interests, and variegated groups. Society is pluralistic and dynamic; social forces point in different directions. As a result, interests are cross-pressured and segmented; people are pushed and pulled in different directions by varying obligations, benefits, and opportunities. The satisfaction of any one interest usually requires compromising or yielding others. Moreover, the same people may be top dogs in one group, underdogs in another.

With diverse multiple interests and participation in multiple groups in different ways, the individual in a free society is a broker among his contending interests, having to decide which to satisfy and which to ignore. It is then difficult to be overly excited about any one interest, for then one may lose out on some others. In other words, "win some, lose some." This perspective is the hall-

mark of an exchange society and its limited government. And it is this perspective generated by cross-pressures and pluralism in a spontaneous society that tends to minimize social violence.

Nonetheless, for some, vital interests may still be at stake; violence may occur. But with overlapping groups, differing class memberships, and cross-pressured interests, no conflict front can form across the larger society. What frustration and associated violence do occur are either localized and contained or are diverted into numerous channels and drained off before many people, groups, or interests are involved.

As for the foreign relations of such states, external violence is checked by the existence of multiple, often conflicting, elites whose interests are divergent and segmented, checked and balanced. Moreover, political elites are dependent upon the support of a public usually unwilling to bear the cost in taxes, property, and blood of foreign adventures and intervention, unless aroused by an emotionally unifying issue. Even then, the public cannot be trusted to pay the price of foreign violence for long and may turn on those responsible even in the midst of war (witness the Vietnam war for the United States).

Of course, an emotional and patriotically aroused people can itself be a force for war (as in the US war on Spain in 1898). But this is to underline that the essential diversity of interests and values of free citizens must be overcome—a sufficiently unifying national stake or value must be at issue—before elites are unrestrained by a free press and contending centers of power and are unaccountable through free elections. For these reasons, the freer the people of a state, the less likely are its elites to commit violence against other states. This is not to deny that such violence does occur (as in World War II, and recently the Falkland Islands). It is to say that free states are *least prone* to international violence and war.

Most important, this inhibition becomes a mutual barrier to violence between liberal democratic states. Their mutual domestic diversity and pluralism, their free and competitive press, their people-to-people and elite-to-elite bonds and linkages, and their mutual identification and sympathy foreclose on war between them; violence may occur only upon the most extraordinary and unusual circumstances.

Turning now to the second concept, polarization, consider a society in which government uses coercion and force to direct most social and economic activities, without countervailing civil liberties or political rights. Much of what one does is therefore controlled by the same "they." One supreme elite commands all others, regardless of the organization or group involved—whether churches, farms, factories, or schools; provinces, cities, or towns; families or individuals.

The critical effect of this is to polarize classes, groups, and interests. A single, central status quo determines one's overall rights and benefits: what to own, eat, earn, read, and worship; where to live and work. This splits society, creating a latent conflict front cutting across groups and organizations and polarizing all into a society-wide, two-class division: those who command and those who obey. Without numerous cross-pressured interests, there are no longer compromise and balance among them. This polarization of society means that the most important interests—even life—are vitally affected by which side of the class front one is on.

For this reason, any development of leadership in the obey class is a most serious threat to the governing elite and is harshly dealt with. And obey-class political sensitivity and consciousness that might dangerously challenge the legitimacy of the elite are prevented through mind control and propaganda, selective isolation or elimination of dissidents, or jingoistic, nationalist campaigns calling for political unity and support against a foreign evil.

Even aside from this actual violence of the government against the people (which alone makes coercive societies the most violent) or against itself through purges and coups, there is the ever-present potential for class war. The sharp class division across society between ins and outs resembles a geological fault line across the earth. Pressure builds up on both sides, until the stress is such that a slip in one place may unlock the whole length, producing a severe earthquake over a large area. Similarly, when violence occurs in a polarized society over one issue and in one place, it can trigger violence along the entire class front. Thus, the social earthquake: mass violence, revolution, and class war.

This polarization affects a state's foreign relations, as well. The ruled have little power to restrain or resist the foreign adventures of their rulers, who, in any case, are responsible only to themselves. Moreover, these rulers' control over society and the media enable them to treat their people as one large army, whose mass hostility and resources can be created, mobilized, and directed at any foreign power.

Between states with such totalitarian governments, power goals and calculations are the determinants of policy. Economic exchanges, social bonds, similarity in culture, historical alliances, and transnational people-to-people linkages are all minor notes in totalitarian foreign policies. No wonder that when totalitarian states meet, violence and war are more likely than for any other combination of political systems.

Of course, there is a gradient here; many different varieties and shades of democratic and totalitarian states exist. And in between are different authoritarian states, ruled less by coercion than by custom, authority, and legitimacy. Regardless of this variety, however, as the civil liberties, political rights, and economic freedom decrease in a state, its internal cross-pressures should likewise decrease as interests become polarized. The state's internal and external violence should then increase. And this is what systematic analyses of data on violence confirm.

Why has this critical relationship between violence and freedom been missed or forgotten by all but a few contemporary advocates of the free society? First, I suggest that the frequent involvement of liberal democracies in war—such as World Wars I and II, Korea, Suez, and Vietnam, not to mention a multitude of war crises—has eroded the classical liberal conviction that freedom and free trade further international peace and harmony. What has not been seen, since this is more a matter of scientific analysis, is that while such states have had violence and war, they have had significantly less, and that indeed, the more unfree a state internally, the greater its violence and war.

Second, I believe that people generally look at states one-for-one. The relationship between democracy and war is generally perceived as a question of whether such states have wars or not. However, much of what is important in the relationship between freedom and violence is in fact a matter of what states are *paired.* It is not that liberal democratic states do not have wars. They do. It is that they have no wars and hardly any violence *between* them.

And third, it is clear to me that much of the professional literature on violence, war, and peace is produced by contemporary liberals and socialists who, I would say, are ideologically blinded to what the evidence shows. They usually prefer to see violence and war as endemic to international "anarchy," international and domestic "inequality,"

(Continued on p. 38)

Mister Ed Goes to Washington

BY JAMES L. PAYNE

Illustration by Peter Green

I first encountered the name of the present mayor of New York City, Ed Koch, in a study I did of US representatives in the 92nd Congress (1971-72). I was checking out the "showhorse/workhorse" hypothesis. The question at issue was this: Are legislative work and media publicity mutually exclusive? Many experienced observers had alleged that they are. They believed that the members of Congress who get the most publicity—the showhorses—slight their legislative duties, while the hard-working legislators—the workhorses—get relatively little media coverage. To test this notion (I am, you see, a political scientist), I developed an index of publicity that measures a legislator's nationwide newspaper coverage and an index of legislative work based on the total minutes spent in committee and subcommittee hearings. The results, published in the Northeastern Political Science Association's journal, *Polity*, confirmed the "showhorse/workhorse" hypothesis quite dramatically. Those

members of Congress who garnered a great deal of publicity were below average in legislative work.

Included in the sample of 71 House members was Edward I. Koch, then a second-term congressman from Manhattan's Silk Stocking district. On the publicity index, Koch came out a clear showhorse. His 1972 nationwide newspaper publicity score was 50.8, over twice the average for all members of Congress. And, sure enough, his committee participation was low: 1,735 minutes, which was 800 minutes below the general average of 2,589 minutes.

Koch's low score on the legislative work index seemed, however, to contradict the opinion widely held among reporters that Koch was an especially hard-working legislator. Further analysis explained the likely cause of the reporters' misperceptions. When committee hearings involved a prominent witness, such as a cabinet secretary, Koch's participation was *above* average. Reporters thus observed Koch to be active in those rare sessions they attended and apparently assumed that he was also active in all the hearings they missed. They were, of course, wrong.

One always wonders about the validity of studies such as this: Do the numbers truly reflect the real-world circumstances? The numbers suggested that Edward Koch was a rather negligent legislator. His failure to attend committee and subcommittee hearings probably reflected a broader pattern of inattention to legislative detail. They also suggested that he may have reacted to legislation on the basis of its superficial appeal (he clearly wasn't spending much time at hearings to learn about the details and long-term effects of legislation). And if that were the case, many of the policy choices he made were probably ill-considered and counterproductive.

Normally, it would be impossible to substantiate such broad speculations. In this case, however, Koch himself has confirmed their validity. He became mayor of New York in 1977 and began to witness the indirect and long-run effects of the policies he had advocated as a legislator. As mayor, Koch found them to be destructive and loudly said so. Journalist Richard Reeves wrote in 1979: "You can't go anywhere these days without hearing someone griping about how government is ruining the country. Take dinner the other night with Ed Koch. 'It's insane,' he said. 'They're ruining us....

" 'Washington just sits there and tells us to do this, do that, do it this way, do it that way,' Koch said as we sat around with some of the highest officials of this city. 'They're looking over our shoulder all the time, threatening to take us to court all the time. Keep the hospitals open even if they don't have any patients or we'll cut off your aid. Help the handicapped, help the children. Put white teachers in black schools. No, we changed our mind, put black teachers in black schools. Teach in Spanish. Now we have English and Spanish treated equally in the schools. It's crazy. It never ends.'

" 'But Ed,' interrupted his counsel, Alan Schwartz, 'you voted for all those things in Congress.'

" 'I know that,' Koch continued. 'I was dumb. We all were. I voted for so much....Who knew? We got carried away with what the sociologists were telling us.' "

On another occasion, Koch said, "I didn't understand what I was doing when I was in Congress because in Congress, you spend other people's money."

Apparently, our showhorse theory is right on the mark. Koch's inattention to legislative detail led, as he himself declared, to "dumb" votes and endorsements of "insane" policies.

Yet, remarkably, no one seems to have minded! Koch's declarations of prior failings have not dampened his political popularity; if anything, his confessions of past ineptitude have further endeared him to the voters. When he ran for reelection as mayor of New York City in 1981, he was the first candidate ever to run on both the Democratic and Republican tickets, and he won a smashing victory.

Only in politics, it seems, is such an outcome possible. In other fields, incompetence ordinarily limits one's career. If a surgeon says after a muffed operation, "I was dumb," do we laugh it off and give him a second try?

One of the reasons that politics operates so perversely is the electoral process itself. In other occupations, those doing the hiring and firing have considerable knowledge about the individuals they are selecting. In politics, the personnel officers are the voters, who usually have little real, direct information about the candidates. Most voters, therefore, base their "choice" on extremely superficial cues such as name recognition and image. Showhorse candidates are adept and energetic at building name recognition and projecting an appealing image. As a result, voters usually prefer a showhorse, however inept he or she may be as an administrator or policymaker.

Edward Koch may have helped saddle the country with "insane" legislation, but no matter. He is feisty and colorful and eats blintzes with reporters, and therefore he advanced to the next rung.

On the other end of the scales from Ed Koch are the workhorses in our system. They are becoming increasingly rare, but they have not disappeared altogether. For example, in the study that revealed Koch to be a showhorse, the champion workhorse was Fred M. Schwengel, a Republican congressman from Iowa. Few people ever heard of him, because he was not a publicity seeker—his nationwide newspaper coverage score was 5.2, about one-tenth of Koch's publicity level. Schwengel's committee participation, however, was 7,314 minutes, over four times Koch's and highest of the 71 legislators in the sample.

What, the reader may wonder, became of Fred M. Schwengel, this Olympic gold medalist of legislative labor? Like Koch, he ran for reelection to the House in 1972. Unlike Koch, who won by over 70,000 votes, Schwengel lost—by 15,000 votes. Such are democracy's rewards for diligence. ◻

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Freedom Factor

(Continued from p. 36)

capitalist "exploitation," multinational corporations, and the lack of a welfare-liberal or socialist world government. Rigorous research rather strongly indicates, however, that they have turned things around: the combination of political liberty and capitalism is most peaceful, not least; the combination of political liberty and a socialist economy is less peaceful, not most; and the combination of political repression and a planned economy is least peaceful of all.

Given, as I believe can also be shown, that a free society best promotes the welfare and happiness of its members and best promotes social justice, there is now an additional powerful argument for freedom: *peace.* For to spread freedom from one state to another is to extend an oasis of nonviolence between states. As far as our science of peace has come, then, *the path to minimizing global violence and creating a world free from war appears to be an extension of civil liberties, political rights, and economic freedom.* There does seem to be reason to hope that the remaining two horsemen of the apocalypse—war and violent strife—can be defeated after all. ◻

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THE TRUE MOTHERS OF FEMINISM

BY WENDY McELROY

S. GRIMKE.

A. GRIMKE.

The roots of American feminism are individualist. Observers of the contemporary scene may find this a startling claim. Whereas the emphasis of individualism is on individual rights to life, liberty, and property, mainstream feminism deemphasizes or even denies the rights of individuals in order to assert the rights of women as an oppressed class.

This distinct focus translates directly into a quite different attitude toward government. For the most part, today's feminist views government as a vehicle of protection and power. She may condemn the present government, but her main thrust is toward more government—new laws such as nondiscriminatory hiring laws, new policies such as pay-equalization policies, and new benefits such as government-subsidized day-care centers.

In contrast, the individualist feminist sees government as the problem, not the solution. It is government laws, says the individualist feminist, that have oppressed women directly and supported their oppression by other elements in the society. It is government policies that have kept women locked out of professions and activities. If women are to be free, the power of government must be rolled back, not increased.

Photograph by Joyce True / Illustrations from the Bettmann Archive

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Of course, this individualist voice is not part of the feminism that most people hear proclaimed. Nor will the reader of standard histories of feminism find traces of this view. What is the warrant, then, for the assertion that the seeds of American feminism were sown by individualists?

Feminism, as an organized force in America, dates from the antislavery abolitionist movement of the early and mid-1800s. Although there were important activists before this time (Anne Hutchinson, for example, in the mid-1600s was America's first woman anarchist), the phenomenon of an organized movement that systematically fought for woman's rights sprang from abolitionism.

Abolitionists were the radicals in the antislavery movement who pressed for an immediate end to slavery on the grounds that every man is a self-owner, that every man has moral jurisdiction over his own body. For feminists, the most interesting question put to these radicals who espoused the rights of slaves was: Do women have these rights as well?

The answer to this question among the general populace was, "Of course not." At this point in history, women could not enter into contracts without their husbands' consent; children were considered the property of the father; women lost all title to property or earnings upon marriage; they had no legal recourse against kidnapping or imprisonment by husbands and fathers. A long list of laws rendered women virtually the slaves of their husbands and parents.

Among antislavery abolitionists, the issue of woman's rights caused hot debate. Perhaps the most forthright advocate was the libertarian William Lloyd Garrison, who insisted that abolitionism was a struggle for human rights, not male rights. Interestingly, many of the abolitionists were not in principle opposed to rights for women but thought that this issue should be kept separate from slavery. They feared that it would alienate a great many people who had sympathy for slaves but disagreed that women should be legally equal.

Within this climate, it was some time before women were officially recognized as equals by the abolitionists. The American Anti-Slavery Society, for instance, did not admit women as members until three years after it was founded, even though women such as Lucretia Mott had been instrumental in its formation.

Eventually, however, women rose to positions of prominence in the abolitionist movement. Abolitionism, in fact, was the first organized, radical movement in which women played key roles. Angelina Grimké and her older sister, Sarah Grimké, were among these feminist abolitionists.

Sarah and Angelina Grimké were born in Charleston, South Carolina, in 1792 and 1805 respectively. They were the blue-eyed, aristocratic daughters of a large plantation owner and a slave-holder. After their father's death in 1819, Sarah's hatred of slavery prompted her to leave home for Philadelphia. There she joined the Quakers, who were not only opposed to slavery but liberal with regard to women. Women were allowed to become ministers, to lecture locally, and to administer most of their own affairs. A few years later, Angelina also became a Quaker and joined her sister in Philadelphia.

Angelina's first encounter with abolitionism was in 1834, when she wrote a sympathetic letter to the *Liberator*, William Lloyd Garrison's periodical. This letter was controversial not only because Angelina was a woman but also because one of her brothers was a leading advocate of slavery in the South. The letter brought her criticism from the Quaker church, which disapproved of such prominent activism. It also brought her to the attention of Theodore Weld, who later became her husband.

Weld enlisted first Angelina and then Sarah into the ranks of "The 70." The 70—who never actually numbered 70—was a group of radicals trained by Weld and Henry Stanton to tour the country preaching antislavery sentiment. This was a dangerous business. Even in the North, speakers were often pelted with objects from the audience and sometimes badly beaten. It was in this environment that Angelina became the first American woman to professionally tour and lecture.

At a time when a favorite Bible quote was St. Paul's "But I suffer not a woman to teach, nor to usurp authority over the man, but to be in silence," it was a shocking occurrence for a woman to lecture in public. It was even more radical for a woman to speak before mixed audiences of men and women. Following Angelina, Sarah Grimké became the second American woman to do so. Abbie Kelly, another of The 70 and a staunch follower of Garrison, became the third.

These women insisted, over the objections of other abolitionists, on preaching woman's rights as inseparable from the rights of slaves. Angelina Grimké, for example, intermingled the issues in a speech before the Massachusetts legislature in February 1838 (thereby becoming the first woman to speak before an American legislative body): "Mr. Chairman, it is my privilege to stand before you...on behalf of the 20,000 women of Massachusetts whose names are enrolled on petitions....these petitions relate to the great and solemn subject of slavery...and because it is a political subject, it has often tauntingly been said that women have nothing to do with it. Are we aliens because we are women? Are we bereft of citizenship because we are mothers, wives and daughters of a mighty people?"

Angelina, whom the popular press called Devilina, caused a storm of controversy on this same issue in 1836 with her pamphlet *Appeal to the Christian Women of the South.* The pamphlet was banned by the postmasters in the South (a common method of suppressing antislavery literature), and Angelina was barred from returning to her place of birth by threat of immediate arrest.

Sarah Grimké, although not as able a writer or lecturer as her sister, used largely the same tactics. In her 1837 pamphlet *Letters on the Equality of the Sexes and the Condition of Woman*, she began by quoting Blackstone, a leading legal authority: "If the wife be injured in her person or property, she can bring no action for redress without her husband's concurrence, and in his name as well as her own." Sarah commented: "This law...is similar to the law respecting slaves, 'A slave cannot bring a suit against his master or any other person, for an injury—his master must bring it.'" She compared a Louisiana law stipulating that a slave's possessions belong to his master with the law stating, "A woman's personal property by marriage becomes absolutely her husband's which, at his death, he may leave entirely from her." Sarah pointed out over and over that, before the law, there was no difference between a slave and a woman.

Most of this advocacy was done over the protest of Theodore Weld, who thought that feminism was hurting abolitionism. He pleaded with the Grimké sisters to leave that issue until another time, but Angelina replied, "The time to assert a right is the time when that right is denied."

Angelina and Sarah Grimké made woman's rights a topic of debate throughout America. "The whole land seems aroused to discussion on the province of women, and I am glad of it," wrote Angelina. "We are willing to bear the brunt of the storm, if we can only be the means of making a break in that wall of public opinion which lies right in the way of women's rights, true dignity, honor and usefulness."

This was the root of organized femin-

ism in America, and the roots were individualist. The emphasis was on self-ownership, equality under just law, and repeal of unjust law.

After the Civil War—which many of the abolitionists deplored, agreeing with Ezra Heywood's statement that "we are all negro slaves now"—the radical fervor that had been directed toward antislavery was turned elsewhere. Many of the abolitionists became involved in the free-thought and free-love movements that flourished in the late 1800s. With its condemnation of the marriage and sex laws that oppressed women, the free-love movement became the natural vehicle for abolitionist feminists.

The free-love movement sought to separate government from matters such as marriage, adultery, divorce, age of consent, birth control, and legitimacy claims. These matters were to be decided by the individuals involved. As the libertarian Josiah Warren phrased it: "Individuals are at liberty to dispose of his or her person, and time, and property in any manner in which his or her feelings or judgment may dictate without involving the persons or interests of others."

Free-love advocates were not in favor of promiscuity. Most were, in fact, quite puritanical in their views and behavior. The banner of Memnonia, an Ohio free-love community, proclaimed "Freedom, Fraternity, Chastity." The philosophy of this community was that sex was proper only in conjunction with intense spiritual affinity, in the absence of coercion, and for procreative purposes. It was the condition "in the absence of coercion" that defined the free-love movement and set it at odds with the society surrounding it.

An incident dramatizing this conflict centered around the libertarian free-love periodical *Lucifer the Light Bearer*, which led the battle in America for free discussion of sex, choice for women in sexual matters, and birth control. *Lucifer* had published two letters that were declared obscene under the Comstock laws. (Passed in 1873, these laws prohibited the mailing of obscene matter.)

The first of these letters, known as the Markland letter, concerned the legal inability of women to protect themselves against rape by their husbands. The letter read: "About a year ago F_____ gave birth to a baby, and was severely torn by the instruments in incompetent hands. She has gone through three operations and all failed. I brought her home and had Drs. _____ and _____ operate on her and she was getting along nicely until last night when her husband came down, forced himself into her bed, and the stitches were torn from her healing flesh, leaving her in worse condition than ever." What legal redress there was for such an attack? asked the letter. Of course, there was none.

Eight months after the publication of the Markland letter, the editors of *Lucifer*, Moses Harman and E. C. Walker, were arrested for printing that letter and three others. The other three included: a debate on sexual asceticism, an anecdotal letter about a couple who thought the world was ending and so confessed to each other their improprieties, and a letter opposing contraceptives on the intriguing grounds that fear of having children was all that kept many men from constantly abusing their wives.

Although Moses Harman himself considered parts of these letters in poor taste, he stood firm on freedom of the press and the need for sexual matters to be aired. "Words are not deeds," he argued, "and it is not the province of civil law to take preventative measures against remote or possible consequences of words."

During the four years it took for him to be finally tried, Moses Harman continued his battle against the sex and obscenity laws by publishing, among other things, a letter in which a Dr. O'Neill detailed the sexual abuses to which some of his women patients had been subjected. This letter caused a furor, largely because it was one of the few 19th-century journalistic discussions of oro-genital sex.

Harman eventually served four months for the Markland letter, eight months for the O'Neill letter, and then was resentenced to one year of hard labor for the Markland letter. He was in his 70s at the time.

During Harman's imprisonment, *Lucifer*—which gave preference to articles and letters by women—had three women editors: Lois Waisbrooker, Lillie D. White, and Lillian Harman.

Ironically, when the deputy U.S. Marshall had come to arrest *Lucifer*'s editors, Moses Harman and E. C. Walker, Walker was nowhere to be found. He was already in jail—along with his wife, Lillian Harman, the 16-year-old daughter of Moses Harman. They had been arrested and sentenced for their nonstate, nonchurch marriage of September 1886.

Through this widely publicized marriage, the couple had hoped to gain government tolerance of their union and so deal a severe blow to the institution of marriage. In their ceremony, Walker pledged: "Lillian is and will continue to be as free to repulse any and all advances of mine as she had been heretofore. In joining with me in this love and labor union, she has not alienated a single natural right." Lillian pledged: "I make no promises that it may become impossible or immoral for me to fulfill, but retain the right to act always, as my conscience and best judgment shall dictate." The ceremony concluded with Moses Harman declaring: "I do not 'give away the bride,' as I wish her to be always the owner of her own person."

The publicized marriage brought threats of mob violence to Harman's home town of Valley Falls, Kansas, and the officials, seeking to calm the situation, arrested Walker and Lillian Harman on the morning after their wedding night. The charge was unlawfully and feloniously living together as man and wife without being married according to statute. Walker was sentenced to 75 days in jail, Harman to 45. Upon being asked the customary question whether there was any reason why sentence should not be passed, Lillian answered: "Nothing except that we have committed no crime. But we are in your power, and you can, of course, do as you please."

In March 1887, the Kansas Supreme Court upheld this decision. In a contradictory ruling, the court held that common-law marriage was legal but nevertheless punishable for violation of the statute requiring a marriage license. In short, the couple had violated regulations designed to secure a record of their marriage. As Chief Justice Horton said, disregarding the central issue of the validity of their union: "The question, in my opinion,...is not whether Edwin Walker and Lillian Harman are married, but whether, in marrying, or rather living together as man and wife, they have observed the statutory requirements."

The Harman and Walker case was one of the earliest cases of imprisonment for violation of marriage laws and one of the most significant examples of civil disobedience aimed at securing woman's rights. Yet it has been all but ignored by feminists and feminist histories. While minor socialist figures have been examined in depth, Lillian Harman and the *Lucifer* circle have hardly even been mentioned. Is it any wonder, then, that many people have come to believe that feminism's roots extend to the early socialist movement? To believe this betrays a decided neglect of, if not prejudice against, the individualist origins of

the struggle for woman's rights in the antislavery and free-love movements.

The sex and obscenity laws, the Comstock laws, were an effective litmus test for individualist feminism. The more respectable feminists, having taken up the cause of social-purity reform, tended to welcome the statutes that banned birth-control information from the mail on the grounds that it was obscene. Social-purity reformers concentrated on raising the age of consent, rehabilitating prostitutes, censoring obscenity, and promoting restraint as a means of birth control. *Lucifer the Light Bearer* was a disgrace to these mainstream feminists, and one of the pledges of the women candidates in the Kansas election of 1889 was that they would shut it down.

It was left to the individualist feminists to break the sexual laws over and over again in order to oppose censorship and assert individual self-ownership. While legislators and reform-minded feminists proclaimed themselves protectors of womanhood, the individualist feminists sought freedom for women. In stressing this, Moses Harman amended Robert Ingersoll's famous statement that women merit all the rights claimed by men, plus the additional right to be protected. "Woman," said Harman, "is entitled to all the rights accorded to man, including the right to protect herself against invasion by her so-called protectors."

An area in which women have been particularly victimized by their protectors is labor and the passage of protective labor laws. There was great disagreement among feminists on the issue of labor laws. It was almost universally agreed that women's working conditions were appalling. The government, however, denied the right to strike, picket, boycott, hold labor meetings, disseminate information, or engage in most other peaceful, noncoercive means of labor reform. Not surprisingly, the labor movement became dominated by those who advocated a countermeasure of coercive laws favoring workers.

Protective labor legislation was a particularly insidious form of discrimination, because many of its advocates sincerely believed that they were benefiting women. An 1875 report for the Massachusetts Bureau of Labor Statistics stated that industrial work upset women's menstrual cycle, damaging the health, sanity, and fertility of women. In 1879, the first enforceable law regulating women's working hours was passed in Massachusetts.

The labor laws, of course, did anything but protect women. Women were flocking to industrial work simply because it was preferable to the other forms of labor available. It offered them a means of escaping the back-breaking domestic and farm labor that were their only other alternatives. Robert Smuts in his book *Women and Work in America* reports: "A factory had only to open its doors in any part of the rural United States to find itself beseiged by girls and young women from miles around all eager for work."

Women were also, in the name of protection, effectively excluded from jobs requiring no manual labor whatsoever. They were prohibited from attending universities on grounds varying from the claim that studying caused blood to leave the sexual organs and rush to the brain, thus leaving women sterile, to the claim that dissection and biology classes violated women's sensibilities. But with government licensing of professions on the rise, there were more and more jobs that one could not obtain without a university degree.

Laws regulated how many hours a woman could work, whether she could work at night, what constituted excessive labor, the type of machinery she could run—there were myriad restrictions that gave men a tremendous competitive edge in the market; men even had a legal monopoly on certain professions. It is, therefore, not surprising that many of the exclusively or predominantly male unions supported protective labor laws, but this does not explain why many feminists supported them as well.

The situation is clearly parallel to the minimum-wage laws of today. They allegedly protect minorities but in fact guarantee increased unemployment for that group by increasing the cost of hiring. Yet many people who back this law are obviously sincere reformers who believe that government can and ought to reduce income inequalities and that an oppressed class has rights that supersede the rights of the individual.

Gertrude Kelly, an individualist feminist who worked as a doctor with the poor, was extremely critical of middle- and upper-class women who approached the labor issue with superficial knowledge. Commenting in Benjamin Tucker's *Liberty* on an article by Dr. Anne S. Daniel on women who did sewing jobs in their homes, Kelly wrote: "She draws a terrible picture of the lives of these women, of their wretched physical and mental condition... and then proposes a remedy—force. She says that of the six hundred women of whom she has statistics, one hundred and ninety-seven actually needed to work—that is, had no husbands to support them. She would have the married women prohibited from working at anything except their housework, so that they should not come into competition with other women."

Dr. Daniel, Kelly noted, was "a woman whose position would lead one to suppose that she was opposed to sexual slavery." But her proposed law would achieve the opposite, Kelly protested. "Another law added to this one, making the marriage-bond perpetual, would be all that would be needed to make women the absolute, abject slave of their husbands. Will this rule that a woman must not work after she is married apply to all women, professional and otherwise—women doctors for instance—or are we to have class legislation." That was exactly what we were to have.

The condemnation of protective labor laws was one of the main ways in which individualist feminists expressed their disapproval of governmental, collective means of solving social problems. Individualist feminism seeks to take power away from government, not to extend that power. Clearly, the contemporary feminist movement is not individualist. The prevailing ideology of mainstream feminism is political liberalism (in the modern sense). The emphasis is on "positive rights" (to equal pay, to professional positions, to day care centers, etc.) rather than "negative rights" (to be free of laws restricting activities, information, employment, etc.). Yet the roots of American feminism were basically individualist, and much of the nonpolitical feminist literature is individualist in its call for the independent, liberated woman—often standing in striking contrast to political demands for collective, paternalist means of improving women's lives.

Of course, individualism has suffered a general decline in the United States since the mid-19th century. Feminism was just one of many social causes that accommodated, rather than resisted, a shift toward statism. Today, if the early, individualist feminists are even mentioned, their ideology is ignored, while the most minor socialist figures are identified as socialists.

One can only hope that as individualist libertarian ideas are aired and applied to a widening array of social issues, a confrontation between the two ideologies will occur within the feminists' ranks. Then individualism may once again come to play a significant role in advancing the freedom of woman. ☐

Wendy McElroy is the editor of Freedom, Feminism, and the State *(Cato Institute, 1982), a collection of individualist feminist essays. Portions of this article appear in her introduction to the volume.*

No-Code Comfort

Safe and sound housing at lower cost—that's what Houston-area home buyers are getting without building codes.

• By Dick Bjornseth •

IMAGINE AN AREA with tremendous population growth—an extra 1,742 people each week—yet with no land-use zoning and with most new housing construction entirely free of any local building codes. Does this bring to mind an image of a sprawling mining boom town with shoddy development and an angry public being ripped off by unsafe construction at exhorbitant prices?

The area is real—it is today's Houston. But the image is false.

Most people are aware of Houston's rapid growth. With over 2.9 million people, it is the nation's fifth-largest metropolis. But few are aware that Houston has no zoning laws and never has. Fewer still realize that the vast majority of new housing in the metropolitan Houston market is being developed outside of the jurisdiction of any local building codes. In other words, the fastest-growing residential area in the United States is growing mainly without local codes.

Photograph by Harper Lieper Studios, Inc.

A bird's-eye view of unincorporated Harris County, Texas.

To understand what this means, it's useful to begin with a definition of building codes. They are simply documents that prescribe in detail the materials and standards that all construction must meet. Cities, and counties and states when they adopt codes, generally base them on one of four model building

codes, all drafted by private trade organizations. They are the Basic, or BOCA, Building Code, from the Building Officials Conference of America; the Southern Standard Building Code; the National Building Code, from the American Insurance Association; and the Uniform Building Code, from the International Conference of Building Officials. There are also a number of specialized codes such as the National Plumbing Code and the National Electrical Code.

The city of Houston does have a building code, a modified version of the 1970 edition of the Uniform Building Code. All new construction within the Houston city limits must comply with it. However, the great majority of new residential construction in the metropolitan Houston market occurs *outside* the city limits in unincorporated parts of Harris and adjoining counties. Texas law prevents counties from adopting and enforcing building codes, and city governments' extraterritorial jurisdiction does not include any power to enforce building codes beyond their city limits. So, while Houston does enforce a building code, the vast majority of new housing units in the Houston market are constructed without the enforcement of any government building codes.

The Houston metropolitan area has had more annual housing starts than any other metropolitan area every year since 1975. In 1982, permits were granted for nearly 67,000 housing units in the Houston area. Only about 16,000—less than one-fourth—were constructed within the Houston city limits and subject to the city's building code. Most of the rest were built in unincorporated Harris County and subject only to a county requirement that the ground floor be constructed above the established flood plain.

AND HOW HAS the unincorporated area of Harris County fared without building codes? Residential development there is anything but substandard. For in the absence of "government quality controls," participants in the housing market have adopted other protective mechanisms. Builders subscribe to various warranty programs, and private lending and insurance institutions enforce construction requirements for their own and consumers' protection. The evidence is that these voluntary arrangements are providing effective nongovernmental controls on housing construction.

Even a Houston building official, M. S. Parmley, a defender of building codes, testified in 1980 before the President's Commission on Housing that construction problems have been encountered with only "a small percentage" of builders and contractors in Harris County. And a past president of the Greater Houston Builders Association, Michael Marix, testified that problems occurred in less than one percent of the construction.

Housing Commission members asked Parmley what types of problems are the most common. He responded that cracked slabs is one of the major structural problems—but he conceded, upon further questioning, that cracked slabs also occur in housing constructed under the Houston building codes. Whether there are proportionately more structural problems with buildings in Houston itself or in unincorporated Harris County has not been established, but builders, lenders, and public officials generally agree that there is no significant difference in the quality of housing constructed in the two areas.

If the quality of housing is essentially the same, though, the cost is not. In 1979, a National Conference on Housing Codes sponsored by the Department of Housing and Urban Development (HUD) found that state and local regulations are directly responsible for increasing the costs of housing by imposing standards that are "higher than those needed for adequate engineering purposes or for the general life style of the American public."

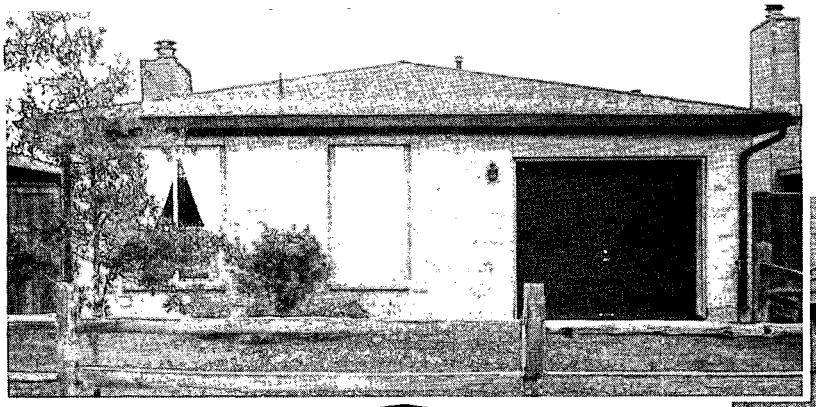
To determine the impact of local government regulation on the cost of housing, HUD initiated a Housing Cost Reduction Demonstration project in 1980. Four communities across the country were selected for this limited demonstration project, which used reduced local government regulations as the only variable. The demonstration was concerned with the impact of zoning ordinances, subdivision regulations, and building codes on the cost of housing.

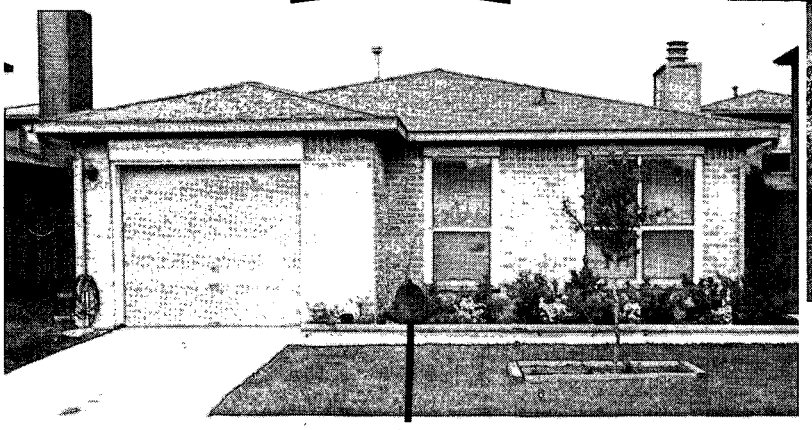
In the initial three projects for which early figures are available, the prices of homes were reduced by an incredible 21 percent to 33 percent. In Shreveport, Louisiana, demonstration housing units (with two bedrooms, two baths, and 1,500 square feet) had a sales price of $52,850, while homes in a comparable suburban project with conventional processing times and standards sold for $70,000. In Hayward, California, the demonstration units ranged in price from $53,000 for two-bedroom units to $65,000 for four-bedroom units. Comparable units in the area were selling for $79,500 to $97,500.

Developer Mike Marix inspecting a building at Courtyard Glen, his subdivision in unincorporated Harris County

The differences between regulated Houston and unregulated Harris County areas are actually less than one might think, though, because Houston city government is far less obtrusive in the housing market than big-city governments usually are. Experienced developers who have built in other parts of Texas and the country usually agree that the cooperativeness of city and county officials, as well as the relatively low number of local regulations, makes the entire Houston market—including the city itself—one of the easiest in which to operate. For a national developer, the contrast between building under the Houston code and building in the no-code situation in Harris County is like a contrast between the trip to heaven and heaven itself.

The hassles and cost differences





Even without codes, the construction quality of these homes in Courtyard Glen is comparable to those within Houston itself.

within the metropolitan Houston market are minimal compared to the differences between that market and the typically more restrictive building environment in other parts of the country, particularly California. For example, Harlan Smith, president of Homecraft Land Development, Inc., testified before the President's Commission on Housing that the average sales price for his company's single-family detached home in the Houston market is $55,000, far less than the national average of $76,300 for 1980. He attributed much of this difference to Houston's lack of zoning, which has allowed Homecraft to respond to the market with smaller lot sizes that would be prohibited by most local zoning laws elsewhere.

Still, the cost of building codes is a significant factor in increasing the price of housing. "A number of clients," architect Marion Spiers told the commission, have noted that "doing business in the city [under the Houston building code] can and does cost in the neighborhood of 5-10 percent more than out of the city [with no building code]."

Mike Marix, president of Marix Housing Corporation, has carefully documented the difference between construction costs in Houston and the rest of Harris County. He found that in 1981 it cost $2,071 more and took three weeks longer to build a typical 1,166-square-foot home under the building code than in the no-code situation, assuming that both were built to meet FHA minimum property standards. Marix considered specific labor and material cost components in the two situations, including everything from building permits to framing, slab costs, and electrical and plumbing work. And when the final sales price was calculated, adding in standard cost items such as administrative overhead, marketing, construction financing, discount points, and profit, the difference rose to $3,300.

This $3,300, Marix figures, means the following for the home buyer:

- an additional down payment of $175.00,
- an additional monthly payment of $37.03, and
- an increase of $106.00 per month in the level of income required to qualify for a loan.

While builders believe that interest rates have the single greatest impact on housing costs, the extra costs of complying with the Houston building code are indeed significant. Even the requirement of an extra $106 in a home buyer's monthly income—a direct result of the higher building-code costs—is certainly critical to a large number of families for whom home ownership is almost, but not quite, within reach.

ONE OF THE MOST striking lessons of the metropolitan Houston experience is that in the absence of government-imposed building codes, there is still a variety of market and legal safeguards available to provide effective protection for home purchasers. Ranging from liability laws to warranty and guarantee programs,

these nonregulatory mechanisms can provide even more reliable protection than is afforded by building codes.

Recent case law and legislation have clarified and extended liability for faulty design and construction in several states. Engineers, architects, and builders are keenly aware of the potentially disastrous costs of faulty design or negligence. A column in *Progressive Architecture* two years ago noted that "if an architect's [or engineer's] design for a building project does not adequately provide for the safety of its users, he may be subject to liability in the event of injury to person or damage to property."

The liability of building designers was expanded in 1980 when a lower appellate court in New York (*Cubito* v. *Gindele and Johnson*) ruled in favor of a tenant who had slipped on a laundry-room floor where water had accumulated because of faulty design. The defendant, an architect, contended that the defect in the laundry room was "patent and observable" and therefore the architect's liability was ended when the owner accepted the building (as had been established in a 1957 landmark decision). The court disagreed. It held that under more recent precedent, a manufacturer is subject to liability for defects in his product and that "there was no justification for distinguishing between the liability of a manufacturer and a design professional." The New York Court of Appeals subsequently affirmed this ruling.

Developers and others who market housing units also can be liable for their construction. In Texas, the precedent was established in the case of *Humber* v. *Morton.* Once this liability and the principle of "implied habitability" were established by the courts, the Texas legislature stepped in and established by state statute a 10-year limit on the term of liability. This builder liability includes any structural problems. Without building codes, according to one Houston-area builder, "builders are very careful and sympathetic with respect to liability."

Liability for construction has gained currency in this country only since the mid-1960s, but it has long been the basis of building quality control in France. The builder and architect are held liable for major structural defects for 10 years and minor defects for two years. Since 1978, this liability has been extended to include structural engineers and others under contract with the building developer—plus the building owners themselves. All are now required to take out insurance to cover their professional and personal liability. To minimize damages, establish premiums, and measure risk, French construction liability insurers require—by government mandate—that certain standards and criteria are met and that

How Codes Cost

Houston may have some of the least-obtrusive regulations in the country, but in his testimony to the President's Commission on Housing, Houston builder Michael Marix was still able to cite chapter and verse accounting for an additional cost of $2,071 for building a house in Houston compared to unincorporated Harris County. The same house in Houston would require expenditures like $736 for extra fees and blueprints, $213 for extra plumbing pipes, and $100 for an inefficient mode of constructing the driveway apron that required using a concrete saw to cut into the street rather than a continuous pour along the side of a street. As another builder told REASON, "These codes will nickel-and-dime you to death."

California's building codes are a bit more typical and much more restrictive than Houston's. All residential construction in the state is subject to a code called the State Housing Act. Local governments have to make a special effort to win approval for any variation from the state code. Among its requirements:

- **electrical outlets must be installed within 6 feet of every doorway and no more than 12 feet from each other elsewhere, which is superfluous for households that don't happen to use many electrical appliances;**
- **all pipes other than for waste drainage and vents must be made of copper or galvanized steel, even though certain plastic pipes are cheaper and entirely adequate for far more extensive use;**
- **heating-duct insulation must meet stringent standards appropriate for considerably colder climates than the Los Angeles area, the largest housing market in the state;**
- **all ceilings in inhabitable rooms must be at least seven feet six inches high and, in other rooms such as hallways, seven feet high (a boon for Californians who are six feet eleven inches tall, little help for citizens seven feet one inch tall, and nothing but a guarantee of unnecessary construction costs and higher heating bills for everyone shorter than that).**

Among the victims of building codes are those contractors interested in exploring new or unconventional modes of construction. Plantse Corporation of East Falmouth, Massachusetts, which specializes in innovative construction methods and the use of appropriate technology in housing, is typical.

Some time ago, Plantse wanted to introduce the so-called Alaskan slab technique in homes it was building in northern Massachusetts. The Alaskan slab has a "footer"—a reinforced foot-wide perimeter that extends six inches above ground level, which means that the house is, in a sense, "floating" above ground. This has proven to be tremendously energy-efficient in Alaska's permafrost climate—yet several Massachusetts building inspectors who are used to slabs with four-foot frost walls imposed stiff extra requirements before Plantse could use the technique that the inspectors had never seen before. Because building code ordinances give inspectors considerable discretion, there's little Plantse could do.

An aspect of building codes that is often overlooked is that they frequently restrict building and major maintenance to certified workpeople and thus exclude most homeowners from doing that work. This means that the people with the strongest natural interest in a structurally sound, economically built house—the house's owners—have nothing directly to do with how well the building is built and maintained.

And because of the artificially high costs of compliance with the building specifications in the code, the negative effect of the "certified workpeople" restriction is multiplied. As MIT economist John Turner points out, in New York City "a license has to be obtained in order to replace a defective roof, but if the building is obsolescent, this may not be granted unless the entire building is brought up to standard and by licensed builders. Therefore, because the owner or a willing tenant is forbidden to do a job he would have been quite able to do, and very cheaply, an entire building is lost, thus accelerating the decay of the neighborhood."

These are a few examples of the ways building codes raise housing costs. But the metropolitan Houston experience shows that in the absence of codes, consumers do get safe and sound housing.

—P. G.

regulated private inspectors examine essentially all buildings, including residences. The French system is not perfect, but its concept of civil liability offers a useful alternative to local government building codes.

Lending institution security is another protection employed in the market. Lending institutions have a vested interest in assuring that the structures for which they loan money are sound. In the Houston market, some lending institutions control construction they help finance outside the city limits by reviewing the building plans, employing outside architects to examine the plans, and hiring inspection firms to monitor construction.

Home Owners Warranty (HOW) is another, and fast-growing, approach. The HOW Corporation, founded in 1973 by the National Association of Home Builders, is a private program that provides two assurances of quality in home building: a written warranty from participating builders who have pledged to meet HOW's standard for workmanship and materials, and an insurance policy protecting the homeowner against the builder's failure to perform.

According to Houston HOW Council administrator Mike Proctor, over half of all new housing units in the Houston market are covered by HOW, which was first introduced in Houston only in 1980. In other urban markets that have had HOW for a longer period of time, the portion of new residential buildings covered by HOW is as high as 90 percent. In fact, some banks and lending institutions offer preferential interest rates to buyers of homes with a HOW warranty, and other lenders require that builders they deal with be approved by HOW.

HOW DOES THE HOW SYSTEM WORK? First, the organization screens builders. For his houses to qualify for HOW warranties, a builder has to provide evidence of professional competence in his trade, demonstrate financial stability, and have a history of favorable customer service relationships.

Second, HOW has a three-stage inspection process for all new homes (there is a fourth stage—soil inspection—in parts of Colorado). The first inspection is conducted before the pouring of the foundation; the second after the building framing but before sheet rock to examine the structure and its electrical and plumbing systems; and the final inspection to assure that the structure is ready for the owner to move in and that site grading is adequate.

Third, HOW has an effective procedure for settling disputes that avoids all government involvement. If a disagreement between a homeowner and builder occurs over warrantied items and face-to-face communication reaches an impasse, either the homeowner or the builder can file a complaint with the local HOW Council, which in Houston is made up of 12 builders and one lender. The effectiveness of the HOW program in screening homebuilders and establishing a successful inspection process is indicated by the fact that in a little over three years, only 172 complaints have been received by HOW in the Houston area. That's 172 complaints out of more than 37,000 HOW housing units—less than one-half of one percent! And nearly a third of the builders who are notified of a homeowner's formal complaint against them settle directly with the homeowner.

If the dispute is not settled within a week of the builder being notified of a complaint, a private "dispute settler" is assigned by HOW to resolve the issue by negotiation or to render a settlement decision. Only about 100 cases in the Houston market have made it to this stage. Dispute settlers come from either the American Arbitration Association or the National Association of Conciliators, and they have 40 days to resolve the dispute. All but one of the cases in the Houston market submitted to these conciliators have been settled.

In the event that a homeowner is still not satisfied with the settlement, he may seek legal remedy through the courts. And if the builder is not satisfied with the settlement, he may go through an appeals process with the national HOW organization. Only one builder has ever appealed the third-party settlement. He won the appeal, but the homeowner still received the necessary repairs to his home—at HOW's expense.

It is virtually inconceivable that any local government building code could successfully guarantee 37,000 homes with less than one-half of one percent of the homeowners having serious problems. It is even more inconceivable that a public court system could successfully resolve 100 consecutive homeowner/builder disputes with only one contested settlement or appeal. Yet this is precisely what HOW in the Houston area has accomplished.

WHILE PRIVATE ALTERNATIVES and safeguards provide truly viable options to government building codes, some people argue that government codes and inspectors are needed for commercial and office development to protect the public. Again, the unincorporated areas of Harris County provide a good case study, for in addition to the enormous amount of residential development occurring there, there is a significant amount of office and commercial development.

Local office, commercial, and industrial developers are quite aware of their legal liability, and they rely on the expertise of professional engineers and architects to design safe structures. These architects and engineers are also aware of their responsibilities and generally follow the Uniform Building Code as well as other privately developed codes such as the National Electrical Code and National Plumbing Code.

In addition to these assurances of quality construction, it is customary for insurance companies to examine carefully the building plans prior to classifying structures for insurability. Since insurance costs are determined by the building's rate classification (particularly relative to fire), builders and designers make every effort to construct a safe structure to minimize these costs.

Local deregulation of construction is an idea now surfacing as the costs of government controls become obvious to the public and as fewer people find it possible to own a home. Home buyers are increasingly demanding the freedom to make their own choices and to bear the consequences rather than having a single uniform government standard imposed on them.

An examination of the Houston area reveals a unique working laboratory for nongovernmental alternatives to regulations and controls. With its lack of zoning and (in unincorporated areas) building codes, the Houston development model serves as real-world evidence that many of the local public regulations and controls considered sacred elsewhere are not only unnecessary but costly to both the developer and the consumer. It's well past time to consider repeal of such local codes. The evidence is mounting. R

Dick Bjornseth is a senior planner with Bovay Engineers in Houston and cofounder of the Association for Rational Environmental Alternatives.

VIEWPOINT

The Things That Don't Die

BY JAMES DALE DAVIDSON

Driving through Washington late one night, I tuned in my favorite talk show. Two authors were giggling about the stupidity of The Average American and the many dumb-bunny things he is said to believe:

"Har. Har. Har. And then this guy called and said that President Kennedy is still alive in Colorado somewhere."

"Hor. Hor. Hor. Probably believes they're keeping him alive in a petri dish."

"And don't forget, Elvis Presley is still alive."

"Yes, Fred, you'd never believe how many people believe Elvis is alive—and John Lennon, too."

"Har. Har."

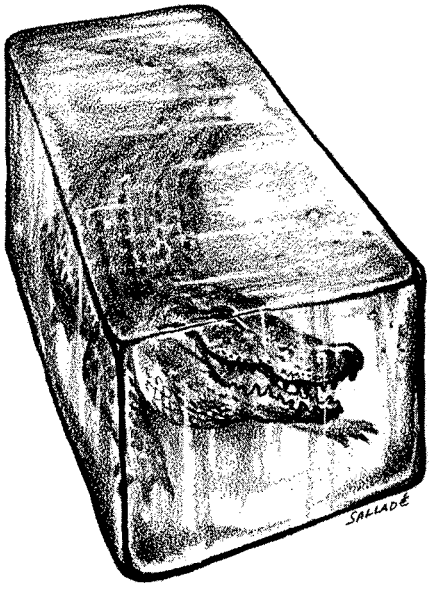
Being as much of a bimbo as the next guy, I can't pretend that's a verbatim transcript of the conversation. I've probably forgotten a word or two. But the flavor is right. They went on like that, recounting tale after tale of clearly ridiculous things believed by the clearly ridiculous man in the car swerving ahead of me.

Naturally, I was interested. And not only because I was quite prepared to feel superior to a person who would turn left from the right lane. To tell the truth, I've been known to make a U-turn in traffic myself. And I once told a perfect stranger that I believe Gerald Ford is in love with a giraffe.

By the end of the program, I was rather looking forward to reading a whole collection of "bunk, nonsense, and fables we believe." (That's not my weak memory at work but pure promo copy, right off the dust jacket.) So I went out and bought a copy of *There Are Alligators in Our Sewers.*

I opened the book to the first page, prepared for a bit of merriment, and was immediately let down. After making fun of the idea that alligators thrive in our sewers, the authors concede that there *were* alligators in the New York sewers, quoting the brag of former Commissioner of Sewers Teddy May, that he wiped them out over a two-year period "with the aid of poison and .22 rifles." Knowing what I know of sewer commissioners and the utter fatuity of most municipal programs to eradicate rats and other vermin, the question whether there are indeed alligators in our sewers suddenly became an open one.

I read on. The farther I went into the book, the more amazed I became. The "bunk" the authors were cataloging was sometimes that, but just as often it was quite true. What a letdown. They seemed to have no powers of discernment at all—at least none that would enable them to distinguish between the proposition that Howard Hughes is not dead, but has merely been "flash-frozen," and the view



that studying Latin can improve your vocabulary.

It should be obvious to anyone—at least anyone who has ever peered into a dictionary—that the study of Latin *will* improve your vocabulary. English contains thousands of words of Latin origin. Indubitably, knowing Latin is probably more valuable to a native English speaker than to one speaking a Romance language. Most widely used English words are further from Latin roots, and English has more hybrid words and technical terms than any other language. It is usually estimated, for example, that English has twice as many words as French, with most of the increment being totally unintelligible to the average person driving an Oldsmobile—unless, of course, he happens to know Latin.

Another bit of popular wisdom that the alligator authors find a scream: If you could pocket the money needed for four years of college, you wouldn't need to work. Is this really ridiculous? Perhaps so, as they state it. But then, I'm not so sure it isn't they who have mixed up a basic truth passed on by some shrewd farmer in Ohio—the suspicion that college isn't worth it. Caroline Bird explained why in *The Case Against College*: "If a male Princeton-bound high school graduate of 1972 had put the $34,181 his diploma would eventually cost him into his savings bank at 7.5 percent interest compounded daily, he would have at the retirement age of 64 a total of $1,129,200." This, she concludes, "would be $528,200 more than the earnings of a male college graduate and more than five times as much as the $199,000 extra he could earn between 22 and 64 because he was a college graduate."

So much for the "bunk, nonsense, and fables" we believe. Among the others are:

- that children learn faster than adults,
- that the Mafia have a hold on some members of Congress,
- that some Mormons practice polygamy,
- that tea is more healthful than coffee,
- and (here's a real hoot) that the Postal Service would be more efficient in private hands.

Crazy, the things some people believe. Some people (har, har, har) think that government assistance programs do more harm than good. And, credit it or not, "modern, enlightened, and educated" Americans think that Congress would perform better if it were selected at random and contained fewer lawyers.

If the alligator authors were listening for bunk and heard this, then they've provided us with some valuable information. They deserve a cheer—but not your $11.95. From what they have told us, I, at least, have concluded that the political future of America is brighter than I had thought. In this land of fables and talk-show wisdom, the people sometimes do think clearly. I recommend that you not even *think* of going into a sewer without a rifle.

Jim Davidson is founder and chairman of the National Taxpayers Union and author of The Squeeze.

Illustration by Susan Salladé

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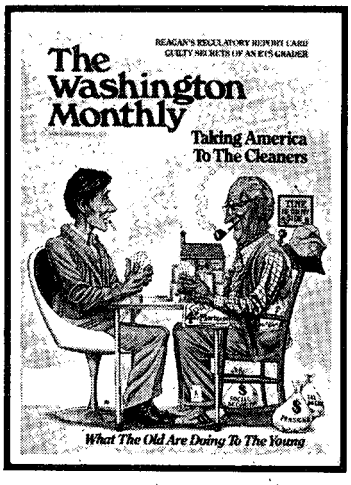

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Working Couples

BY TIMOTHY CONDON

All right, everybody. On the count of three, nonworking wives and hubbies get on a payroll.

Why would we want to do that? For years, government has penalized married couples who both work outside the home. The "marriage tax" ensured that hard work by both husband and wife would result in heavier taxation than if they were single.

But those days are over now (the marriage tax, that is; the abuse will continue as long as government growth is essentially unchecked in America). What happened? Well, 10 years after everyone else noticed the marriage-tax penalty, Congress moved to "correct" the situation. The result is that they've finally created enough incentives that it will pay for a mother not to stay at home if she'd rather be in the labor force; the same holds true for a father who's choosing between work for pay and staying home to raise the children.

I'm referring to the new deduction designed to lessen (but not remove) the impact of the marriage penalty. When lots of worthy couples began to throw big parties each December and get divorced, then remarry in January *after* they had filed their income-tax returns as single people, the drones in Washington finally noticed. For 1982, the new deduction amounted to 5 percent of the net "earned income" (interest and dividends, pensions and annuities, etc., don't count) of the spouse earning the least. Thus, if one spouse earned $10,000 and the other $15,000, then $500 could be deducted on line 29 of the Form 1040 in 1982 (5 percent of $10,000). Two people earning $30,000 and $35,000 respectively meant the deduction would be $1,500 (5 percent of $30,000), the maximum allowable.

And that little ditty goes up to *10* percent as of 1983. The most recent studies, conducted on early returns for 1982 taxes, indicate many couples are missing the deduction. If you did, file an amended return.

Even if the nonworking spouse is not a career person, there is reason to get on a payroll somewhere so that he or she can open an IRA (Individual Retirement Account). If at least $2,000 in net income is earned (that is, income after business or work expenses are subtracted), then each spouse can put $2,000 in an IRA, for a whopping $4,000 deduction from income (Form 1040, line 25 in 1982). The sickly alternative is a "spousal IRA," where one account operates for both husband and wife; the most you can contribute and deduct each year is $2,250.

A side benefit to be had when both spouses work is the child care credit if you have any curtain climbers. This credit is a percentage of what you spend on child care for kids under age 15 as a result of both parents working. It is figured on a Form 2441 and features a sliding percentage rate based on how high (or low) your adjusted gross income is. The figure, ranging from 20 percent to 30 percent, is multiplied times the amount you spent on child care, up to $2,400 if you have only one and $4,800 if you have two or more rug rats. The resulting amount is subtracted directly from the amount of tax you owe and can range from $480 to $720 if you have one kid only, or $960 to $1,440 if you have two or more.

Keep in mind also the general tax-free benefits to be gained from working a job: pension programs, life and medical insurance, paid vacations, low-cost meals, company cars, etc.

But considering only the tax breaks discussed above, a couple making over $85,600 in taxable income (putting them in the 50 percent tax bracket—an obscenity—in 1982), with the lesser-earning partner making over $30,000, would save $3,460 on their 1983 taxes. A couple earning a more-modest taxable amount—say the wife makes $15,000 and the husband pulls down only $2,000—could still save about $1,000 on their taxes (assuming $2,000 was spent on child care so the husband could work, and assuming that he opened an IRA and put $2,000 in it, which amount might be a gift from the wife if necessary).

Now these examples are *extremely* simplified and don't take into consideration myriad other factors, including the basic exemptions. So don't go telling your Tax Artist that Tim Condon said you could save "X" amount of money. All this is for illustration *only*.

Now, a lot of you are going to say, "Let's one of us pay a salary to the other for doing the dishes and then take the tax breaks." Sorry, the yahoos in Congress already thought of that one and specifically outlawed it.

So we'll all have to figure a way around it. One way is to take a simple seasonal job, such as gift wrapping at Christmas time or camp counseling in the summer. Another angle is for the spouse who owns his or her own business to incorporate and then put the other on the payroll (which is not the same as one paying the other directly; a corporation is a separate entity, and there are *plenty* of other reasons to make the move to incorporating). Or maybe the spouse looking for work could start his or her own business, which can be anything from babysitting to writing magazine articles or mowing your neighbors' lawns.

Speaking of which, keep your friends and neighbors in mind. Perhaps you could do some valuable work for them, and they might see fit to pay you $2,000 for it. Voilà! If you don't take any business deductions (who would want to, under the circumstances?), you've got just the right amount to put into your IRA. And possibly a child care credit, worth $40-$60 in reduced tax bite. You're in the gravy. (You won't get any marriage-tax deduction, by the way, because any IRA reduction reduces your "earned income" for figuring the marriage-tax break; a $2,000 IRA deduction will reduce $2,000 in earned income to zero.)

The IRS will of course attempt to label many such arrangements ineffective and possibly fraudulent. If you are doing real, useful work, they will get nowhere. Who is to say that we shouldn't get to know our friends and neighbors more and help them out with some honest work? For honest pay. Value-for-value exchanges, just like in *Atlas Shrugged*.

Just remember the IRA should *not* be with a bank, but rather with a brokerage house or the like, so that you can *self-direct* the account. Buy stuff like silver bonds, gold mining stocks, and so on—very good stuff, especially in view of the fact that all this is important to your retirement. After all, no one believes in the Social Security scam anymore.

Tim Condon is an attorney and tax specialist practicing in Florida.

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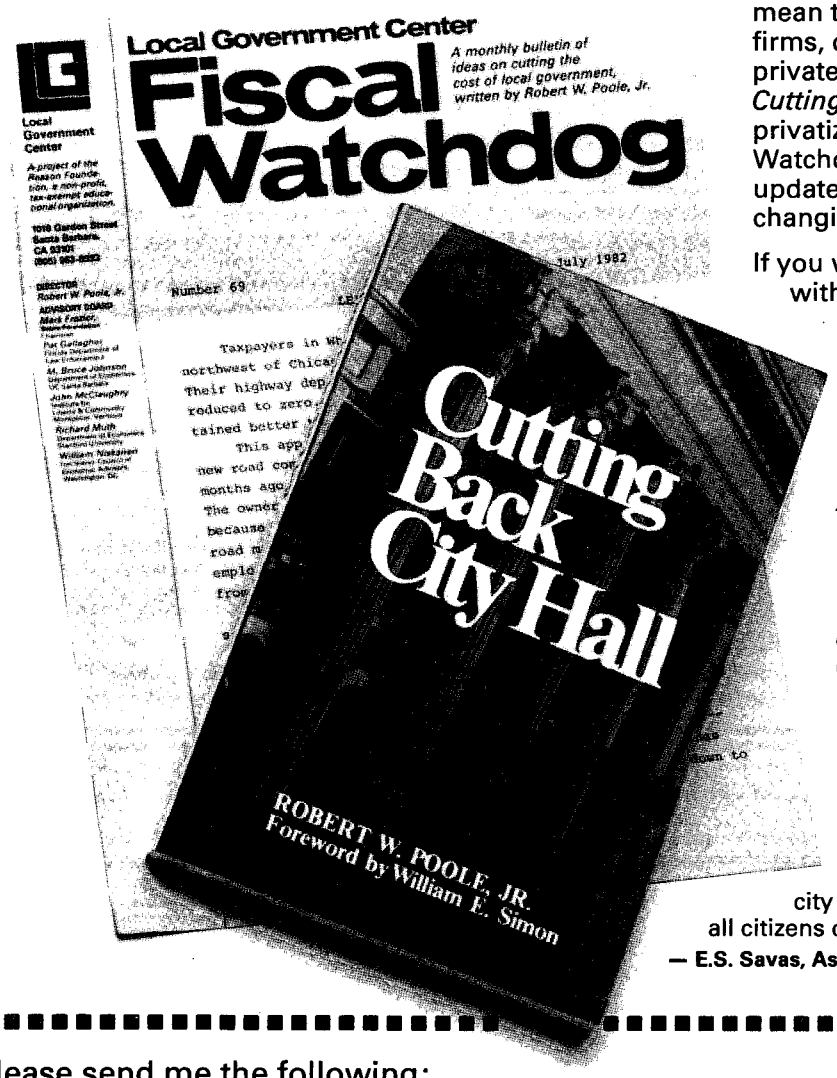
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Number 69
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Tracking the Road's Rules

BY PATRICK COX

John Dinkel still owns the first car he ever bought—a 1964 Triumph Spitfire. His wife drives a 1973 Toyota Celica. He says he isn't interested in buying a new car, because he rarely drives anything but the cars he tests for *Road & Track* magazine—of which he is editor. Each year, Dinkel drives and evaluates, but does not pay for, hundreds of cars, including Ferraris, Maseratis, Jaguars, and Porsches. It's a tough job, but somebody has to do it.

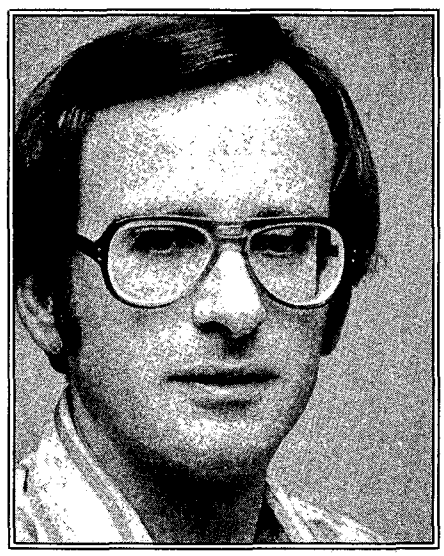
Dinkel started out as an engineer at Chrysler and still has his "20 shares of worthless stock to prove it." From Chrysler he went to *Car Life* magazine (later incorporated into *Motor Trend*), as engineering editor, and in 1972 he joined *Road & Track*, also as engineering editor. In 1979 he took over as editor. Since then, he has published some of the best analysis of automobile regulations ever to appear.

Road & Track is not the only publication to take a dim view of government interference in the car market, but it has done a particularly thorough job of it. It has even incited inflammatory accusations that Dinkel is a libertarian.

"We are ready to admit it if the government does something good for us," Dinkel says. "But in practically every area, bureaucracies have not acted on behalf of the people—they have acted on behalf of politicians." Dinkel credits writer John Tomlin with much of the work the magazine has done on auto regulations. He says their attitude is to look into an issue without "knowing" what will come from it. "We tell *both* sides of the story—unlike either the government or Ralph Nader."

Telling both sides of the story is what separates *Road & Track* from car magazines that subscribe to the Burt Reynolds-"Smokey and the Bandit" school of driving. When the magazine first published articles critical of regulation, Dinkel was not sure what the response would be. But he was gratified by the overwhelming enthusiasm for the service. For example, almost 50,000 people responded to a reader survey asking opinions about the proposed airbag law.

Dinkel says that much of his purpose is to publicize both sides of the car-safety story. "How many times," he asks rhetorically, "has the consumer heard that airbags are ineffective unless your seatbelt is fastened or that they are ineffective in rear, side, or secondary collisions?" In addition to airbags, Dinkel's magazine has taken on the 55-mph speed limit, bumper-reinforcement laws, and even drunk-driving laws that do nothing to take problem drivers off the road, yet penalize those who habitually drive with



JOHN DINKEL

a few drinks under their belts without ever having an accident.

Concerning regulations that require bumpers to withstand 5-mph collisions, Dinkel remarks: "That's the sort of decision that should be made by the market. The way it is now, the bumpers and their costs are forced down our throats.

"If there are enough people crashing cars in the 5-mph range that it makes sense for insurance companies to offer a discount if you have stronger bumpers," Dinkel suggests, "then there will be a competitive situation where Chevy will have to offer the bumper to keep from losing sales to Ford."

Dinkel blames the lobbying efforts of insurance companies and consumer groups for much of the unnecessary regulation. About Ralph Nader, he says bluntly, "Nader is a guy who doesn't know beans about cars but does know how to get a great deal of publicity by taking stands on controversial issues. Many of his claims about cars have been bold-faced lies."

Dinkel is similarly critical of protectionist measures that would make it difficult for Americans to buy foreign cars. He recognizes that many of the American auto industry's problems were caused by government policies that encouraged production of big, inefficient cars. Protectionism, says Dinkel, "would simply encourage the production of cars that couldn't survive on the open market."

Dinkel mocks the doomsayers who pronounce the decline of the automobile. His basic premise, both personally and professionally, is that "driving is fun"—this from a man who has had two serious accidents (both of which were someone else's fault). And even though a damaged vertebra continues to cause him back pain, Dinkel still relishes the art and technique of driving and works to improve his own capabilities on the road.

One of the ways he does that is by racing. "The average driver uses less than one-third of a car's capability in dealing with bad situations," Dinkel says. Racing enables a driver to learn to use more of the car's capabilities, and that is one of the reasons that he thinks it is a positive sport.

He is also critical of driver's training. Instead of just learning to parallel-park, people "should be exposed to emergency braking and high-speed maneuvers and taught how to look farther down the road to recognize potentially serious situations," says Dinkel. He adds, however, that police are not in favor of such advanced training, fearing people will take advantage of the knowledge in other ways.

What else bothers John Dinkel? Bad drivers, of course. He believes too many people drive cars for the same reason they wear guns—in order to "equalize" their social position. "I'm bewildered by drivers who use cars like weapons," he says. It's too bad, because driving *can* be a most pleasurable experience. But the combination of regulators and lousy drivers takes a great deal out of that pleasure. John Dinkel is doing what he can to change that.

Patrick Cox is a frequent guest columnist for USA Today *and public affairs director of the Pacific Institute for Public Policy Research.*

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MOVIES

Reviewed by John Hospers

Tender Mercies

There isn't a lot of action in *Tender Mercies*, yet the telling of the simple story is so remarkable that the result is an unusually impressive film. Robert Duvall gives a low-keyed and subtle characterization as the ex-drunk handyman who becomes the husband of the widowed motel owner for whom he has been working; the story is largely one of their marriage, with its multiple resonances from the past. Australian director Bruce Beresford (*Breaker Morant*) has done a superb job in his first American film. We absorb the feel of the monotonous Texas flatlands and the lives of the people against this setting, of the tacky rural motel that is the home of the principals, of the tawdry bars and ugly churches—all shown not as an outsider would view them but with the feeling-tone of the inhabitants themselves. We often see the characters from afar off, as tiny portions of an endless landscape, gaining thereby a better idea of what it is like to live there.

Struggling to renew his life, former alcoholic country-music star Mac Sledge (Robert Duvall) recalls a moment of past glory for his stepson, Sonny (Allan Hubbard), in TENDER MERCIES.

The characters seldom express their feelings in words; they are inadequate at verbal expression, and we infer their feelings from subtle gesture and their mode of interaction with their environment. The unverbalized feelings of the characters are reflected in their positioning in the picture: there is always space between them, and in conversation they often look past rather than at one another. But the communication of their feelings to us is sharp and perceptive: when the new husband departs and doesn't come home after dark, the wife doesn't know whether he is out drinking after months of abstinence or seeing his ex-wife or daughter; she waits for him anxiously, and we see repeatedly the long vistas of highway, the flatlands extending into the far distance, the distant sound of cars (each one passing without stopping), and again the darkening sky and the endless empty spaces. Anyone who has waited in vain for someone who is expected back feels the intensity of the anxiety, even without seeing the woman's face. On other occasions the viewer must pick up feelings from minimal cues in their behavior and is often left to draw his own conclusions about what they may be feeling.

The church and its members are not treated with the low-comedy contemptuousness one often sees today in films, but simply as a part of the pattern of their lives. When Duvall says, "Why did my daughter die while I was permitted to live?" his wife cannot answer within the terms of her own religion, and she is silent. "I don't trust happiness," he muses. "I never did; I never will." And yet, from the mindless happenstance of nature—her sudden widowhood and his separation and his daughter's sudden death—there is a happiness, as well as love and pride, that slowly emerges, and whose effect remains with the viewer afterward. This film provides an unusual and worthwhile cinematic experience.

The Outsiders

After his overambitious and pretentious projects such as *Apocalypse Now*, it is a welcome relief to see Francis Ford Coppola do a more modest film such as his current *The Outsiders*. Like *Tex*, it's about growing up, viewed so completely from the standpoint of the juveniles that there's scarcely an adult in the entire film. This film is not as focused as *Tex*, dealing as it does with three main characters rather than one, and the viewer's attention keeps shifting from one character to another. But the tale of youths who are forced by circumstances to be self-sufficient, and to deal with gang warfare along with all the other problems of growing up in Tulsa, has a ring of genuineness. The story, though sometimes too melodramatic, is absorbing. In spite of the fact that two of the three principal characters die, Coppola has succeeded in keeping the story from being depressing by enabling us to enter imaginatively the psyches of each of the principals in true cinematic fashion—that is, through actions and gestures and body language more than through words.

From an adult point of view, it must be added that not every one of the depicted crises tears the orderly fabric of the universe as much as it may seem to the characters involved. One sometimes feels, "This is overblown—they'll get over it," or, "This was a foolish and unnecessary mistake—this is their own fault, not the fault of circumstances." And thus the ability of a mere adult to identify imaginatively with the characters is somewhat limited. Not so, however, with the youngsters who constitute the vast majority of the audience for this film; their ability to empathize with the characters is, from all appearances, quite boundless.

John Hospers is the author of Understanding the Arts. *He teaches philosophy at the University of Southern California.*

LANGUAGE

The Children Of the State

By Richard Mitchell

A general state education is a mere contrivance for moulding people to be exactly like one another; and the mould in which it casts them is that which pleases the predominant power in the government, whether this be a monarch, a priesthood, an aristocracy, or the majority of the existing generation. In proportion as it is efficient, it establishes a despotism over the mind, leading by natural tendency to one over the body.

—John Stuart Mill

When I concluded once in the *Underground Grammarian* that the American government school system is exactly what Lenin ordered, certain readers imagined that I had gone too far. Later, when I concluded that religious schools are in no important way different from government schools, and that what Luther ordered was even more oppressive than what Lenin ordered, certain *other* readers imagined that I had gone too far.

In fact, however, I never have the space to go far enough. Of the inane pronouncements and the sentimental mantras of educationism, I ask one question, a question that should always be asked of *any* proposition, even the most familiar, *especially* the most familiar: If *this* is true, what *else* must be true? It is a little question with a big answer. It throws a wonderful ray of clear light into sunless stews of superstition all the way from astrology to the affective domain.

To answer that question, however, is usually an exasperating chore. It's difficult enough to puzzle out exactly *what* the educationists are saying; *why* they say it, is, therefore, all the harder to construe. Often, after having worked out the logical, and horrible, implications of their dicta, we don't know whether to indict them for vice or for folly. It is thus a rare pleasure to discover an educationist who does not leave us in doubt.

He is a certain William H. Seawell, a professor of education at the University of Virginia, a paragon of clarity, a plain speaker in whom there is no mealy-mouthing, no obliquity, no jargon at all. "Each child," says William H. Seawell, "belongs to the state." What could be clearer?

In saying that, Seawell, who is after all, a paid agent of the government of a state, was doing nothing more than what he is paid to do. That function is called, almost certainly by every government on the face of the Earth, "educating the people." But Seawell's forthrightness, in a matter that ordinarily puts educationists to pious pussy-footing, suggests that he is no mere time-server who is just following orders. He sounds like exactly the kind of agent that *any* government most prizes: a true believer.

And a brave one, too. For he also said, to an audience of mere citizens, gathered to "celebrate" the opening of yet another government schoolhouse in Fort Defiance, Virginia, that the purpose of "education" is "the training of citizens for the state so the state may be perpetuated."

Although Seawell probably holds to the orthodox educationist belief that truth and knowledge are only relative, he seems to have spoken as one who knew with absolute certainty that Jefferson had left Virginia forever and could not possibly be sitting quietly, horsewhip in hand, out in the dim back rows of the auditorium. It could only be out of some such certainty—although ignorance might serve as well—that a man would dare to admit that "public schools promote civic rather than individual pursuits" and to argue *from* that that "only public education can be used to gain a free society."

Fort Defiance, eh? Well, times have changed in Virginia. Our source, the *Staunton Leader*, a remarkably restrained newspaper, says nothing at all about the mere citizens' reaction to being educated by Seawell. We have to assume, however, that even the *Leader* would have made some brief mention of the fact if the man had been tarred and feathered and ridden out of Fort Defiance on a rail. So that probably didn't happen.

And that it didn't is witness to the efficacy of an "education" designed for the perpetuation of the state. Such an education must see to it that its victims are habitually inattentive to the meaning of the words and slogans in which they are educated. No one, it seems, muttered any tiny dissent when Seawell overruled the Constitution and appointed unto himself and his ilk the task that many Virginians might have deemed more suitable to other hands: "We must focus on creating citizens for the good of society."

So. We are now to hold *these* truths to be self-evident: That all citizens are encumbered by the state that creates them with certain inevitable burdens, and that among these burdens are a life of involuntary servitude for the perpetuation of the state, the liberty to be required by law to learn from their creators the worth of the civic and the nastiness of the individual, and the assiduous pursuit—and this is Seawell's parting shot—of only those pastimes deemed (by agents of government, we guess) "productive."

Were there, among the impositions of George III upon the colonies, provisions more heinous and tyrannical than William H. Seawell's grand design for educating the people? Some eminently reasonable and well-educated men found King George's intentions nothing less than a "Design to reduce them under absolute Despotism," as a delegate from Virginia put it. But the king never claimed that he was the creator—and *owner*—of his subjects or that their *purpose* was the perpetuation of the State.

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He did not require the children to attend schools in which his hired agents would persuade them as to his notions about the "good of society." Nevertheless, and it suddenly seems strangely unaccountable, those thoughtful men took up arms against the king. Was it for *this* that they delivered us from *that*?

Richard Mitchell is the author of Less Than Words Can Say *and publisher of the* Underground Grammarian, *from which this column is adapted.*

BOOKS

Greasing the Wheels Of the Soviet Machine

Confiscated Power: How Soviet Russia Really Works
By Hélène Carrère d'Encausse.
Translated by George Holoch
New York: Harper & Row. 1982.
401 pp., $19.95

USSR: **The Corrupt Society**
By Konstantin M. Simis.
Translated by Jacqueline Edwards and Mitchell Schnider
New York: Simon & Schuster. 1982.
316 pp., $14.95

Reviewed by Edward Lozansky

Two new books about the Soviet Union have recently appeared. Hélène Carrère d'Encausse's *Confiscated Power* is actually not a new book but a translation from the French edition published several years ago. Although written in a strictly academic and therefore sometimes tedious manner, the book nevertheless provides, for an outsider, an unusually deep insight into historical and present-day Russia. Analyzing the historical, traditional, and cultural aspects of Russian society, Carrère d'Encausse searches out the reasons why Russia became a laboratory for the horrible experiment on humans called communism. But the main subject of her research is to show how the Bolsheviks were able to seize power in 1917 and how Russia—or, more precisely, the Soviet Union—has been governed since then.

Was power ever *confiscated* from the people of Russia? It would have had to belong to them for more than a few hours. But as the author herself states, "the Bolsheviks *seized* the power that the revolutionary masses had taken." The promise of a "dictatorship of the proletariat" was fulfilled in a different way from that expected: by allegedly embodying society, the Communist Party also had the right and duty to detain all powers.

In an attempt to understand the Soviet scene at the end of Brezhnev's era, Carrère d'Encausse first examines what it inherited from the past. Problems entailed by economic modernization and World War I, and a tradition of authoritarian power linked to a dictatorial phenomenon developing in Europe, provided a favorable context for the birth of what was to become the Soviet Union. Although the author acknowledges the fact that this dictatorship outlived its European counterparts, she fails to mention the dissimilarities between totalitarianism and authoritarianism.

Carrère d'Encausse's survey of the Russian legacy includes an examination of Stalin's personality cult and the terror

Hélène Carrère d'Encausse

that left the country in a state of fear and complete inertia. Khrushchev's daring attempt at reformism awoke the country's consciousness. Though later repressed, it is still alive, as Carrère d'Encausse likes to recall upon studying the relationships between power and society under Brezhnev.

Unfortunately, the English-edition subtitle—*How Soviet Russia Really Works*—does not express the author's main concern as well as the French subtitle, which, in an approximate translation was, "those who govern; those who are governed." Relationships between power and society in Soviet Russia have changed since 1917 not because power has changed but because the society has new requirements. Power is still dominated by the leading role of the Communist Party and the indispensable need for party spirit (*Partiinost'*).

In discussing the possibility of change, Carrère d'Encausse asserts that hope lies in society rather than in the leaders. She does not, however, tell us how this change might occur. Should it commence from within or outside the system, and from within or outside the country,

Konstantin Simis

perhaps with the action of émigrés?

Though *Confiscated Power* was published three years ago in France, and it is unfortunate that it is only coming out in the American version in 1983, it remains a good book for anyone unfamiliar with Soviet organization of power and "participation" of society. The facts are not new, but they are well explained.

Konstantin Simis's *USSR: The Corrupt Society* is, frankly, much more interesting. It is written by a professional Soviet lawyer who lived and worked in the Soviet Union for over 60 years and who dealt on a day-to-day basis with the corruption that penetrates practically all layers of Soviet society: from the Politburo to the drunken peasant on the collective farm. The facts presented in the book are not sensational or even new to the Western public. We hear and read about these things from time to time. But probably for the first time we now have a systematic description of the corruption and the corrupted in the Soviet Union among the ruling elite, police, the courts, district mafia, educators, the medical profession, underground entrepreneurs, industrial workers—you name it.

Corruption was not invented by Bolsheviks. It has in Russia flourished during almost its entire history. But the Communists can certainly take the blame

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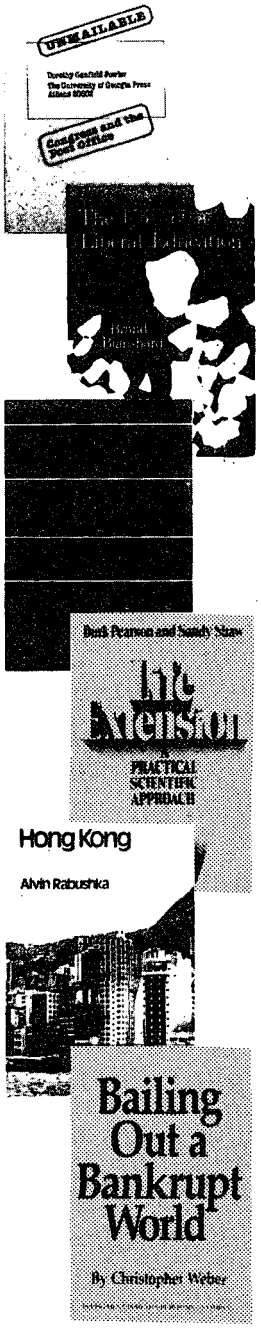

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for bringing corruption to its current level. One of the most important conclusions that Simis derives from analyzing the state of corruption in the Soviet Union (and one can hardly disagree with him) is that in the Soviet Union, life without corruption is unthinkable. Though it exists in other countries, it still can be eliminated by one method or another and society will only gain from the elimination. The Soviet Union, however, would simply disintegrate, because all its links would be broken, just as a car engine breaks down when deprived of lubrication.

Simis mentions campaigns against corruption that from time to time arise in the Soviet Union. But one does not have to be a fortuneteller to predict how all of these campaigns will end: with nothing, or as Russians say, with "pshik." And this is, of course, obvious. The Soviet government cannot rid society of corruption as long as it remains Soviet. It is as simple as that, says Simis.

It is strange, therefore, that the new boss in the Kremlin, Yuri Andropov, started his activities in office with yet another anticorruption drive. He even appointed one of his most loyal KGB men, Vitaly Fedorchuk, to run this campaign. Being an intelligent and educated man, Andropov should know what are, as mathematicians say, the necessary and sufficient conditions for the total elimination of corruption in the Soviet Union. Does this mean that Andropov wants to finish off the Soviet regime? Or perhaps that he is not so perceptive as many may think? In any case, the book by Simis provides an excellent picture of Soviet life as it really is.

Edward Lozansky is a professor of mathematics and physics at American University and executive director of the Sakharov International Committee. He left the Soviet Union in 1976 after being fired from his prestigious teaching jobs for dissident activity.

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Foreign Policy: Tool for the Keynesians

Strategies of Containment
By John Lewis Gaddis
New York: Oxford University Press. 1982. 432 pp. $9.95 paper

Reviewed by Bill Evers

John Lewis Gaddis is the leading Establishment, antirevisionist historian of the Cold War. *Strategies of Containment,* which treats American policy toward the Soviet Union from the Truman years through the Nixon-Ford years, is a continuation of his 1972 work on the origins of the Cold War. Gaddis's approach in this new book is to organize the subsequent history of the Cold War around the successive strategies used by the US government in dealing with the Soviets. Thus, each of the principal strategies (such as George Kennan's containment, John Foster Dulles's "New Look," and Kissinger's détente) has two chapters devoted to it—the first, discussing its logical and conceptual content; the second, its implementation and results.

Because strategy is the application of scarce resources to the achievement of policy goals, Gaddis's focus necessarily leads him to place major emphasis on past debates over the military budget. He shows, more clearly than previous historians have, that Keynesian economics was directly responsible for the tremendous boost in US military spending in the early 1950s. What united Wall Street banker Robert A. Lovett and welfare-state economist Leon Keyserling during the Truman administration's Cold War planning was a common belief that government spending (including military spending) should be used to stimulate the economy.

After World War II, fiscal conservatives in Congress, the Council of Economic Advisers, and the Budget Bureau had kept military spending relatively low. But Keyserling's crusade within the government to use spending as a tool for improving the overall economy provided a welcome excuse for bureaucrats in charge of military and foreign policy to burst through all budget constraints. As Gaddis writes, "These ideas did not originate in the Pentagon. . . . They came instead from a group of liberal civilian advisers eager to apply Keynesian techniques to the management of the domestic economy."

The facts about the Keynesian role in US military spending are of vital importance to critics of all government spending. For those inclined to be indulgent toward military spending but critical of New Deal–Fair Deal–Great Society economics, we have evidence that what is labeled "military" spending is actually Keynesian deficit-spending designed to fulfill Keynesian planning goals. For those inclined to be indulgent toward Keynesian economics but critical of military spending, we have evidence that top Keynesians themselves saw military spending as the highest form of Keynesian economic management—that the Fair Deal was a good deal for military contractors. This evidence should help discredit both US military spending and Keynesianism.

Gaddis's principal virtue is his alertness to the centrality of military spending, which leads him to pay some attention to past fiscal-constraints arguments. He cites, for example, Sen. Robert Taft's statement that "there is a definite limit to what a government can spend in time of peace and still maintain a free economy."

One interesting feature of Gaddis's book is his provision of full documentary evidence that during the Cold War, American leaders did not believe at any point that the Soviets were about to launch either a general war or a push across Europe to the Atlantic. Marshall's foreign aid plan and NATO were designed not to meet an imminent Soviet attack but to solve Western powers' domestic political and economic problems. At one point, for example, a US foreign policymaker opposed going public with a State Department plan for a reunited, demilitarized Germany, fearing that successful negotiations with the USSR could lead to a taxpayers' revolt against US military spending.

While concentrating on the US government's foreign policy strategies provides a neat way of organizing a mass of historical data, it turns out to be too neat. Because everything is looked at from the government's perspective, critics with alternative strategies, like Herbert Hoover or Taft, get short shrift. Those interested in pursuing such alternatives will have to read Justus Doenecke's *Not to the Swift,* Ronald Radosh's *Prophets on the Right,* or, best of all, John T. Flynn's *As We Go Marching.*

Furthermore, Gaddis himself has a balance-of-power view of the Cold War and this, together with his decision to look at the Cold War in terms of the

American insiders' strategies, means that all his criticisms assume the basic correctness of their interventionist foreign policy. There is no questioning of fundamentals, no forthright moral judgments—no understanding that the real muse of history is not Clio but Rhadamanthus, the stern judge of the Greek underworld.

Thus, because Gaddis sympathizes with Kennan's original containment policy, he tends to whitewash Kennan's misdeeds. Kennan did call for US military intervention in Greece, Italy, and Taiwan during the early Cold War. He did advocate a US quick-strike force and endorse covert action. He did talk about justified preventive war against the USSR.

Kennan's refined plan for containment had US military commitments confined to the protection of vital industrial regions. But Gaddis's reader does not learn how easily Kennan himself abandoned such strategic limits and expanded containment to include places like Korea. Kennan's scheme had no built-in resistance to globalism, but the reader will have to turn to a critic like Lloyd Gardner to find this salient point.

Another problem: Ten years ago, Gaddis made the intellectual effort to reply to New Left revisionists—who in their arguments stress the importance of ideological motives or perceived economic needs. For example, revisionist historians point out that many US policymakers maintained in the early 1950s that Japan needed markets in Indochina and Southeast Asia (or else Japan would do business with Red China and fall under that country's influence). This, according to these policymakers, was why America had a major interest in Vietnam's future. It is unfortunate that in his 1982 book Gaddis does not even mention this possible motive of US policymakers, resulting in a large gap in his account of the Vietnam war.

I also have two lesser complaints. At one point, Gaddis describes Eisenhower's "open skies" inspection plan for disarmament as a sincere proposal. Later on, he correctly describes it as an "embarrassing" reversal of position that "seemed to call into question" American sincerity. It can be hoped that Gaddis will, in his next edition, straighten out this inconsistency. Second, Gaddis takes too seriously the idea that in 1949 Stalin switched the basis of Soviet foreign policy from the inevitability of war with the West to peaceful coexistence. In reality, this change had come with the end of Western intervention in the Russian civil war.

The most valuable aspect of this book—from the point of view of free-market advocates—is the author's treatment of the interconnection between foreign policy and domestic economic policy, especially his treatment of the crucial role of Keynesian economists. This alone, despite the book's other faults, makes it worthwhile reading.

Bill Evers was the founding editor of Inquiry *magazine. He is a graduate student in political science at Stanford.*

Can Regulators Reform?

Social Regulation: Strategies for Reform
Edited by Eugene Bardach and Robert A. Kagan
San Francisco: Institute for Contemporary Studies. 1982. 420 pp. $19.95, $8.95 paper

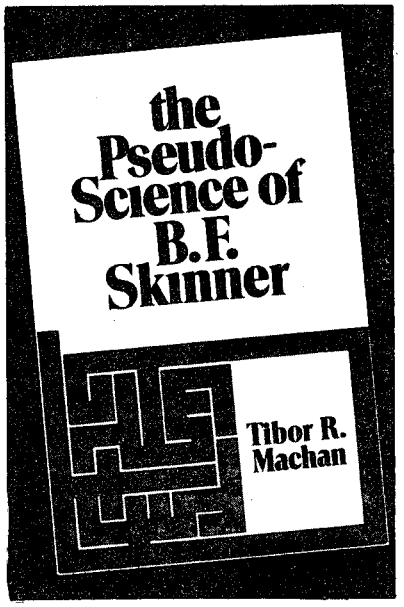
Revolt Against Regulation: The Rise and Pause of the Consumer Movement
By Michael Pertschuk
Berkeley and Los Angeles: University of California Press. 1982. 192 pp. $12.95

Reviewed by David R. Henderson

Social Regulation is a collection of essays by specialists in regulation presenting strategies for reforming food and drug, occupational safety, and pollution regulation. The quality and interest of the essays vary greatly, but those by William Havender, Michael Levin, Thomas Grumbly, and Michael O'Hare best succeed in making their case.

Havender, a research biochemist, discusses the problems involved in regulating foods and drugs. After giving a lucid introduction to research on health hazards, he explains how perverse incentives guide the Food and Drug Administration (FDA). The result is that the agency holds drugs off the market even when their dangerous side effects are minimal or nonexistent and even when they could substitute for riskier drugs currently on the market. For instance, he tells of the FDA keeping low-dose contraceptives off the market until 1974, although it was known in the 1960s that high-dose pills were causing harmful side effects and women in Communist China had been taking the low-dose versions without

B.F. Skinner Scrutinized



Psychologist B.F. Skinner of Harvard has become very influential. Prison reform, pedagogy, drug addiction programs, public school reform, etc., are guided by his views.

THE PSEUDO-SCIENCE OF B.F. SKINNER shows why adopting Skinnerism is a mistake. Tibor Machan's carefully reasoned and powerfully written work demonstrates that B.F. Skinner is unscientific. But Machan does not end here. He shows that a dynamic and rational conception of science in fact supports a view of human nature and society quite the opposite of Skinner's technocratic totalitarianism.

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adverse consequences since the late '60s.

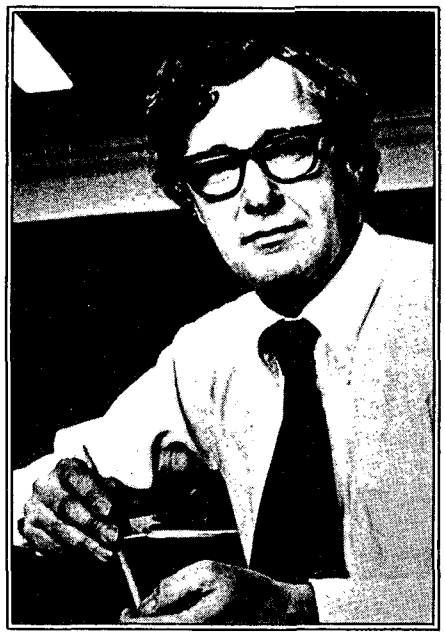
Havender's essay is full of insights and interesting but little-known facts. He points out that the Environmental Protection Agency (EPA) released its commissioned study of chromosome defects among residents of houses near the Love Canal in Buffalo, New York, without having compared their frequency of chromosome defects with that of a matched control group. Only after President Carter decided to evacuate 700 families to temporary quarters did an EPA panel review the study. The panel concluded that there was no indication of excessive chromosome abnormalities.

But *Social Regulation* contains more than essays about the harm done by government regulation. There are two essays about successful reductions in regulation. The first is "Getting There: Implementing the 'Bubble' Policy," by Michael Levin. It is a fascinating account of how the EPA allowed firms to meet pollution standards by "trading" pollution reductions from one source for equivalent pollution increases from other sources.

Under the bubble policy, each plant is treated as if under a bubble: all that matters is the total amount of pollution, not its source within a plant. This approach allows firms to reduce pollution where it is most feasible to reduce and not to do so when reductions would be very costly. Since plant managers can determine their own capacities to reduce pollution better than do centralized regulators, the same amount of pollution reduction occurs as with command-and-control regulation, but at a lower cost.

Although the principle seems obvious, implementing it was not easy. Levin, who is chief of the Regulatory Reform Staff in the EPA, draws some conclusions from the episode. Since some of his conclusions are relevant for those who seek political change in general, they are worth repeating. First, he says, reform should start as a supplement, not a replacement. This will avoid threatening vested interests. Although the reform should start small, it should be structured to create an internal dynamic that will broaden once it starts being used. Second, it must be "gotten out on the street" to be used and must be structured to produce quick real-world success stories. Third, it must build a constituency within and outside an agency.

The other success story about regulatory reduction is Thomas Grumbly's "Self-Regulation: Private Vice and Public Virtue Revisited." It tells how the Department of Agriculture, under President Carter, shifted federal meat and poultry inspection away from government and toward self-inspection by firms. (One can just imagine the cries of foul play were the Reagan administration to try such a reform!) The lessons Grumbly draws from this successfully executed reduction in government regulation are similar to Levin's.



Michael Pertschuk

Michael O'Hare's essay, "Information Strategies as Regulatory Surrogates," points out the many possibilities for replacing heavy-handed regulation with simple requirements that producers provide information for consumers. Unlike traditional regulation, which forecloses consumer options, information requirements allow consumers to make their own choices.

O'Hare cautions, however, that even information requirements can be burdensome to consumers as well as to producers. He tells of a bank that inserted in its electronic funds transfer disclosure statement a sentence offering $10 to anyone who wrote the words "Regulation E" on a postcard and sent it in. Not one of 115,000 recipients of this offer responded! In this case, an information requirement had the perverse effect of discouraging consumers from reading the bank statement and causing them to be possibly *less informed* than if there had been no requirement.

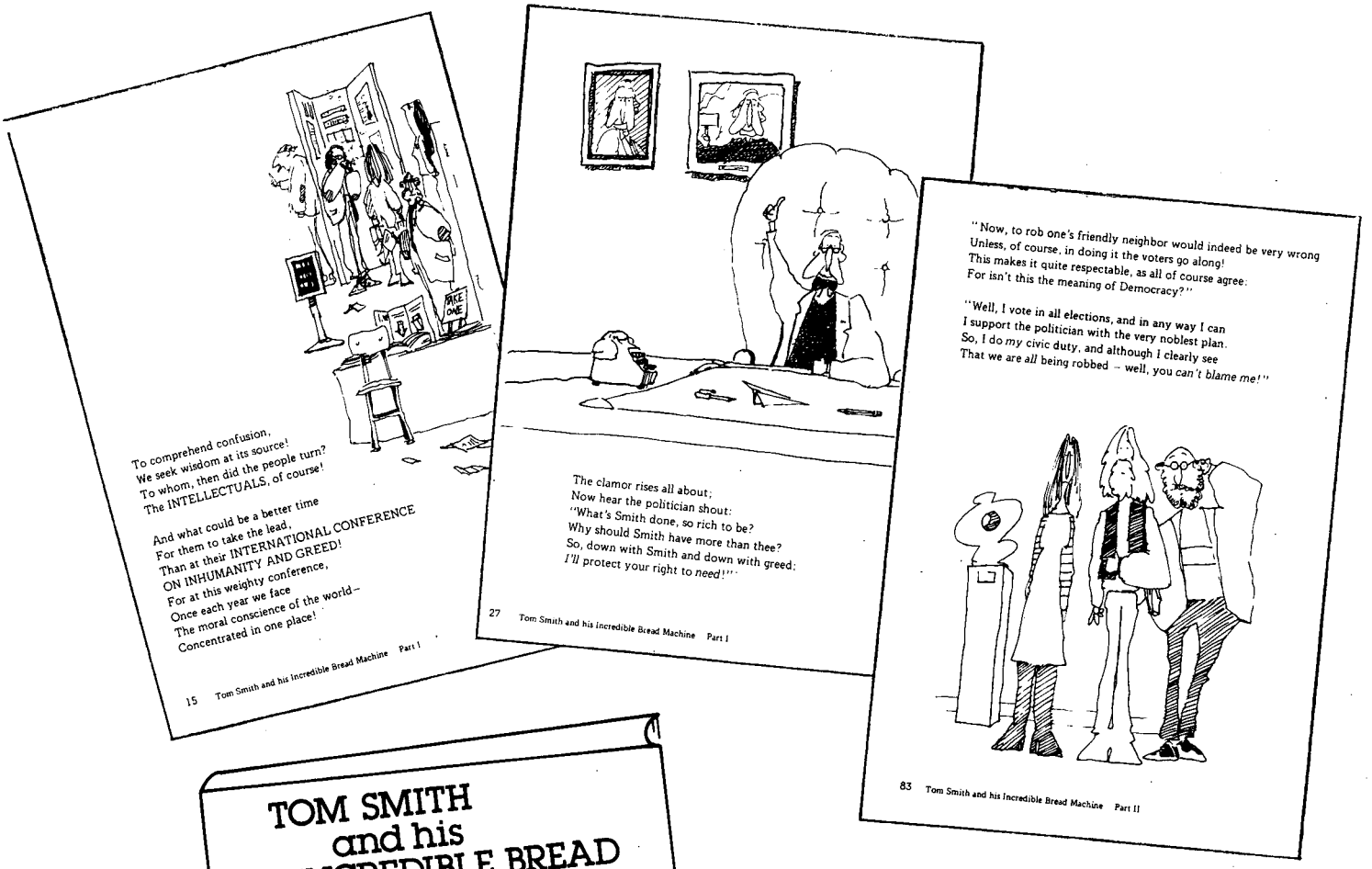
While the other essays were somewhat informative, I would not recommend the book as a whole. Those interested in the nitty-gritty of how regulations can be altered could well use this book. Otherwise, I recommend borrowing it from a library and reading the four essays discussed above.

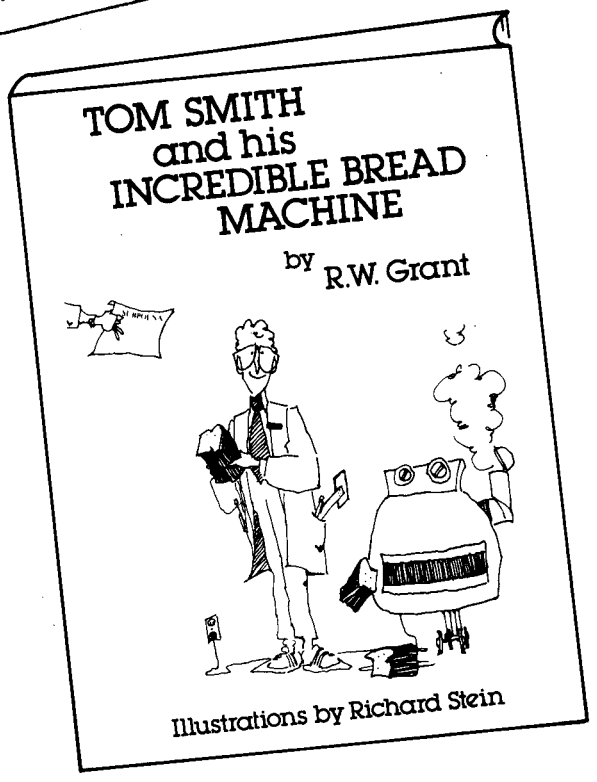
Revolt Against Regulation, by a member of the Federal Trade Commission (FTC) who was its chairman under President Carter, begins the way one would expect. In the first chapter, "On the Side of the Angels," Michael Pertschuk recalls the glory days of the 1960s "consumer" movement. In his mind, "consumer legislation" is good, and a politician's effectiveness is measured by the amount of such lawmaking he sponsors. He doesn't question whether consumer legislation helps or hurts consumers. Fairly soon, though, some cracks appear in the liberal foundation. For instance, Pertschuk admits that the cost of much consumer regulation falls on consumers in the form of higher prices.

Pertschuk goes on in the next few chapters to tell of the business revolt against regulation in the mid- to late '70s and of his efforts as FTC chairman to save as much power as possible from the axe of congressional oversight. All pretty much par for the course. But then he turns on a dime. In the final chapter he discusses some of the lessons the regulators have learned from economists. "We boasted then, 'There is a law that makes cars safer!' We know now... there is no such thing as a free lunch. And laws don't make anything."

Even then, he says, "The economists earned my grudging respect,... for their dogged insistence that we *think through* (emphasis his) the reality of what we believed we were achieving with our intervention in the marketplace." Pertschuk confesses that economists helped teach him "respect, if not reverence, for the marketplace—or, more precisely, for the power of market incentives, of self-interest. They have taught us how much more likely we are to gain our objectives by channeling the flow of such incentives than by vain efforts to block their passage."

In case you think this is just window-dressing, and that his views on particular regulations haven't changed, listen to his comments on a federal automobile regulatory agency to set minimum quality performance standards for automobiles. When Caspar Weinberger, FTC chairman under Richard Nixon, first proposed such an agency, Pertschuk, then a congressional staffer, loved it. But now, in commenting on Weinberger's original


To comprehend confusion,
We seek wisdom at its source!
To whom, then did the people turn?
The INTELLECTUALS, of course!
And what could be a better time
For them to take the lead,
Than at their INTERNATIONAL CONFERENCE
ON INHUMANITY AND GREED!
For at this weighty conference,
Once each year we face
The moral conscience of the world—
Concentrated in one place!
15 Tom Smith and his Incredible Bread Machine Part I
The clamor rises all about;
Now hear the politician shout:
"What's Smith done, so rich to be?
Why should Smith have more than thee?
So, down with Smith and down with greed;
I'll protect your right to need!"
27 Tom Smith and his Incredible Bread Machine Part I
"Now, to rob one's friendly neighbor would indeed be very wrong
Unless, of course, in doing it the voters go along!
This makes it quite respectable, as all of course agree:
For isn't this the meaning of Democracy?"
"Well, I vote in all elections, and in any way I can
I support the politician with the very noblest plan.
So, I do my civic duty, and although I clearly see
That we are all being robbed – well, you can't blame me!"
83 Tom Smith and his Incredible Bread Machine Part II



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report, Pertschuk writes: "A fundamental problem with that report was that nowhere in its pages does one find so much as a discussion of the costs of providing such protection, or of the tradeoffs between such costs and benefits to consumers."

The quote speaks for itself. I recommend Pertschuk's last chapter to those who doubt that reasonable people *will* change their minds in response to evidence.

David Henderson is a staff economist for the President's Council of Economic Advisers.

The Quality of Genius

Tesla: Man Out of Time
By Margaret Cheney
Englewood Cliffs, N.J.: Prentice-Hall. 1981. 320 pp. $16.95

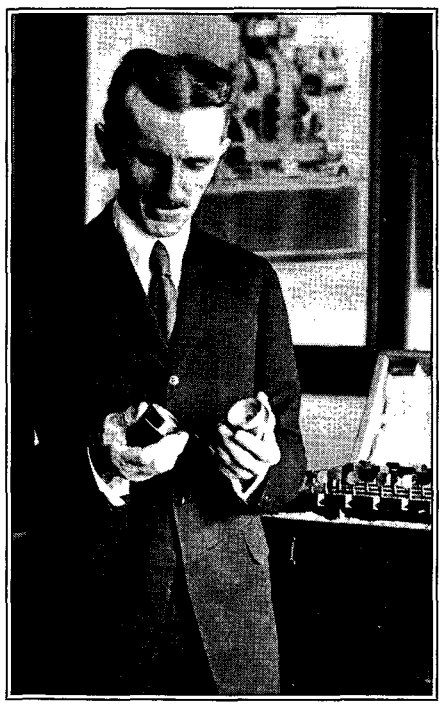
Reviewed by Adam V. Reed

Margaret Cheney's biography of Nikola Tesla is subtitled *Man Out of Time*. Timelessness, of course, can only pertain to a person's work and not to his life. The prejudices that made Tesla's life exciting and difficult cannot be separated from his time, a time already in the process of being obscured by a patina of quaintness. Tesla's inventions, on the other hand, have about them the timelessness of a perfection not subject to improvement.

Other 19th-century inventions have evolved, as Otto Benz's internal combustion engine has done, so much that the inventors would probably no longer recognize them as their work; or are in the process of being supplanted by newer technologies, as Thomas Edison's incandescent bulb is being replaced by more-efficient fluorescent lighting. Tesla's inventions are different. From induction motors to radio-controlled cruise missiles, they exist and work today just as Tesla designed them.

To understand the timelessness of Tesla's inventions, it may be instructive to compare his way of inventing with that of Thomas Edison, Tesla's one-time employer. Edison used to say that genius is 10 percent inspiration and 90 percent perspiration, which is probably not true of such genius as Tesla's but is certainly true of Edison's.

Edison usually took the commonsense approach to a problem. When that failed because of some palpable obstacle, he battered the obstacle into submission, often by trial and error, until he had something that worked well enough to be sold. He is said to have tried several hundred filament materials on the way to making a working light bulb. The resulting inventions were usually flawed in the underlying conceptual design and therefore destined to be supplanted in time by conceptually sounder alternatives: the DC electricity distribution system by AC; incandescent illumination by fluorescent; mechanical sound recording by optical and magnetic alternatives, and so on.



Nikola Tesla (circa 1910): "Be alone. That is when ideas are born."

Tesla, in contrast, began each invention with a thorough conceptual analysis of the function to be accomplished, carried out to the point of a complete, if abstract, understanding of what was required for a perfect solution. He then proceeded to the design of a device that, if implemented with ideal materials (perfect conductors, frictionless bearings, perfectly rigid mechanical parts) would meet those requirements absolutely. In doing this, he discarded, as though they never existed, antecedent "solutions" based on inherently nonideal components, such as the brushes and commutators used in all electrical motors before his. His design for an alternating-current motor created the requisite electrical currents in the rotor through electromagnetic induction, eliminating the need for any actual electrical contact between moving parts.

It is a safe bet that if electricity is still in use 500 years from now, the conversion of electricity into mechanical power will still be done with motors based on Tesla's design.

Tesla was fortunate to have at his disposal, for making the induction motor and the tuned radio receiver, materials whose actual behavior very closely approached his theoretical assumptions. Another of his inventions, the adhesion turbine, is a brilliant design for which the appropriate materials are still not available.The physical laws that govern the conversion of the kinetic energy of fluids into rotary form imply that the efficiency of a turbine will approach 100 percent as both turbulence and outflow velocity approach zero. It is inherently impossible to approach these two conditions simultaneously in turbines of traditional design. The Tesla turbine is the only one ever invented that can approach perfect efficiency. If the necessary materials ever become available, it will probably displace the less perfect designs now used.

Given Tesla's success in making lasting and aesthetically satisfying contributions through the theoretical method, we can sympathize with his anger and anguish when that method failed him. Tesla's most spectacular failures were his experiments with radio-frequency power transmission through the ground and the atmosphere. Tesla's theoretical work on these projects was first-rate, but the mathematical models of the earth and the atmosphere, which Tesla borrowed from his contemporaries, are now known to have been highly inaccurate.

Tesla was, by any standard of scientific accomplishment, a far greater intellect and a far greater inventor than Edison. Yet while Edison's name and identity is known to nearly all American

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schoolchildren, Tesla's fame is more or less confined to the scientific and technological community. Margaret Cheney seems to have set out to correct this deplorable situation by writing a book about Tesla in the traditional style associated with biographies of Edison: very light on science and heavy on picturesque anecdotes. There is nothing here about the substance of Tesla's scientific contributions or about the working principles of his inventions or their elegant superiority over the crude contraptions they replaced. Instead, we are regaled by detailed accounts of Tesla's eccentricities, his friendships with the "tout New York" of his time, his debts, his clothes, his meals.

Cheney's book may not make Tesla better known than Edison is, but it contains much that could explain their relative fame. Edison worked hard, physically as well as mentally, while Tesla slept late and did most of his best work while lying supine and watching the sky. The most prominent fixture of Edison's laboratory was his workbench; of Tesla's, his well-upholstered couch. Edison cared little for the pleasures of the flesh. Tesla insisted on eating the most refined food, drinking the best vintages, and dressing in the most elegant clothes he could buy. Edison lived modestly in the suburbs. Tesla, while he could afford it, maintained a residence at the most luxurious hotel in New York City, as well as a second apartment at another luxury hotel for discreet meeting with his "special friends." Edison managed his business affairs wisely and put his money into productive investments. Tesla never cared much about business and used his money, when he had it, on "living as though he were rich." After the money ran out, Tesla borrowed to the hilt and then, having exhausted his credit, lived in penury on contributions from Yugoslavian schoolchildren.

Tesla, no doubt, would feel as much contempt for Edison's worshipers as he did for their hero. Knowing that he was not an ordinary person, Tesla saw no reason to live an ordinary life. He probably also knew that there would always be people who would admire his inventions and would not care about how he had lived. Some of the latter might even prefer him to Edison as a model for children. After one of his lectures, Tesla was asked how to become an inventor. He replied, "Be alone. That is when ideas are born."

Adam Reed is a researcher at Bell Laboratories.

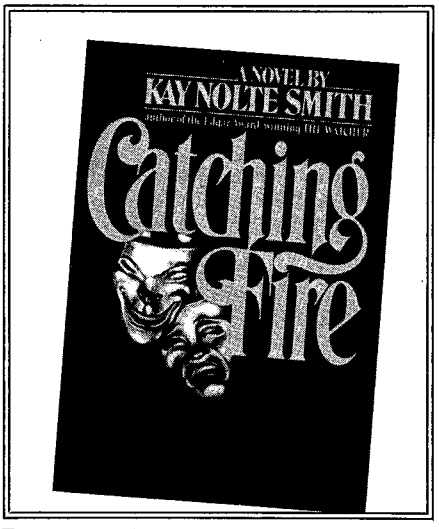
Dante Plays Prometheus

Catching Fire
By Kay Nolte Smith
New York: Coward, McCann and Goehegan. 1982. 272 pp. $13.95

Reviewed by Dan Dickinson

"The problem with the right," John Denver once sniffed, "is that it doesn't have any great poets or writers, artists or composers." Like the left has in John Denver?

The statement, of course, is absurd, especially in view of the "artistic" merit of the Denver *oeuvre*. Consider, for example, Aeschylus and Aristophanes, Haydn and Bach, Yeats and Eliot; not a bad list. Even so, Denver isn't totally off base.



For many who stand in opposition to the left, the rational and the practical have generally taken precedence over the artistic and abstract. Investment strategies have found more favor than short stories, and political tracts have been preferred to poetry or plays.

Which isn't to say that there aren't good fiction writers on the other side of the great divide. There are Taylor Caldwell, Bill Buckley, and Allen Drury in bestsellerdom, and Robert Heinlein, Poul Anderson, and Jerry Pournelle in the science-fiction field, to name a few. Probably the best-known, and certainly the most influential, literary individualist was the late Ayn Rand.

Generally speaking, Rand's influence has primarily extended to political and philosophical thinkers, rather than to other novelists. But now a new writer has appeared who's demonstrating once again that there's a role for Rand's philosophy in fiction—which, after all, is the place where it was born.

Kay Nolte Smith is a Randian. She wrote for the *Objectivist* way back when. She's also a novelist. Her first book, *The Watcher*, won the Edgar Award for best first mystery novel of 1981. In *Catching Fire*, her second, Smith tries to integrate her individualist philosophy into a novel of romance and murder set in New York's theatre world. It's an interesting, if only partly successful, project.

Erik Dante, the lead in *Catching Fire*, is an actor with a dream. Born in an Italian ghetto in Brooklyn (his real name is Arrigo Dantino), he works his way up in the stage to a position as the producer and artistic director of the Poets and Paupers Theatre, a group dedicated to reviving lost romances by writers like Hugo and Yeats. The company's financial backing is provided by Maeve Jerrold, Dante's wealthy and vulnerable older lover.

At opening, Erik Dante is rehearsing a new play by Jerrold, in which he plays the lead part of—are you ready for this?—Prometheus. So we won't miss the point, Smith has Dante explain, "But in this version, after he's given it (fire) to mankind, he decides they didn't deserve it, so he tries to take it back." In other words, it's *Atlas Shrugged* revisited, same myth, different god. Or, if you like, "John Galt Goes Latin."

The dramatic action of *Catching Fire* is initiated by union leader Morty Codd's attempt to organize Dante's small company. As Dante resists, the dispute goes public, mainly through the medium of Jacqueline Sanda's popular TV talk show. People throughout New York take sides, picketing occurs, and a murder takes place while politicians and pundits blast each other in torrents of rhetorical abuse. If you've read *The Fountainhead*, this will all be familiar territory. Finally, factions of the mob get involved, as they determine that Dante must be brought down at any cost.

In essence, *Catching Fire* is two stories. The first concerns the union's and later the mob's attempts to destroy the main character, and his triumph over them. It's pretty standard stuff, really, bringing into play the usual Randian themes of the superior man versus the mob and coercion versus choice, without adding fresh insights into either. All of this is related in a clipped, cinematic way that deviates considerably, at least until the overwritten climatic scene, from Rand's own Grand Opera style.

Dante's love affairs with Jerrold and talk-show host Sanda are the most inter-

esting part of the tale. Dante feels grateful to Jerrold and did once love her. Sanda, however, is his match, someone with whom he can feel "equal." He has to choose between the two. In so doing, he has to make some critical ethical evaluations. This conflict, moreover, is subtly and effectively mirrored throughout the action in the unequal, guilt-ridden, and thus flawed relations between Sanda and her ex-husband, between Dante and his crazed brother, between the gangster Shaw and his fundamentalist parents. The resolution of this conflict, which is well done, is echoed in the grudging respect that Codd and Dante develop for each other at the story's end. It's one of the novel's nicer touches.

Catching Fire isn't a great novel. But if you like a suspense story reasonably well told, with some political and ethical meat on its bones, *Catching Fire* might light yours.

Dan Dickinson is a free-lance writer.

LETTERS

(Continued from p. 11)

This offers several advantages besides increased privacy. For example, newcomers to an area could learn the rates in effect on a particular road by consulting an optional display in their cars. This should also decrease possible problems with tightly packed cars' transmissions interfering with one another, as there are less roads than cars and a fixed number of road transmitters versus a variable number of car transmitters operating in any given area.

The only objection to this system is the increased opportunity for car owners to tamper with the records. However, this is also a possibility in the original system since sufficiently determined people could modify the transmitters to broadcast someone else's code. In any case, the receiver and computer can be made tamper-resistant, just as is done with postage meters and home electricity meters.

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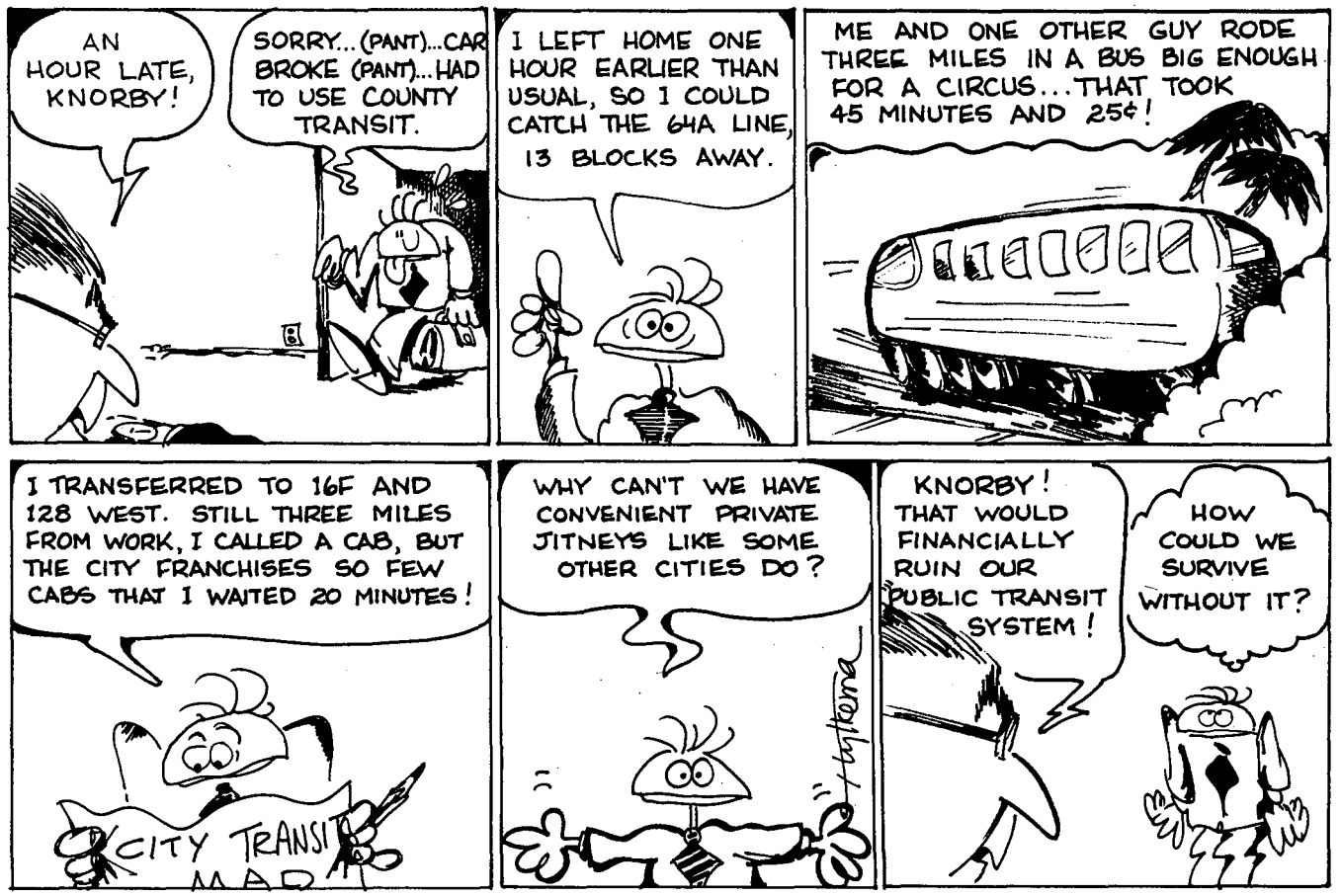
AN HOUR LATE, KNORBY!
SORRY... (PANT)... CAR BROKE (PANT)... HAD TO USE COUNTY TRANSIT.
I LEFT HOME ONE HOUR EARLIER THAN USUAL, SO I COULD CATCH THE 64A LINE, 13 BLOCKS AWAY.
ME AND ONE OTHER GUY RODE THREE MILES IN A BUS BIG ENOUGH FOR A CIRCUS... THAT TOOK 45 MINUTES AND 25¢!
I TRANSFERRED TO 16F AND 128 WEST. STILL THREE MILES FROM WORK, I CALLED A CAB, BUT THE CITY FRANCHISES SO FEW CABS THAT I WAITED 20 MINUTES!
CITY TRANSIT
WHY CAN'T WE HAVE CONVENIENT PRIVATE JITNEYS LIKE SOME OTHER CITIES DO?
KNORBY! THAT WOULD FINANCIALLY RUIN OUR PUBLIC TRANSIT SYSTEM!
HOW COULD WE SURVIVE WITHOUT IT?

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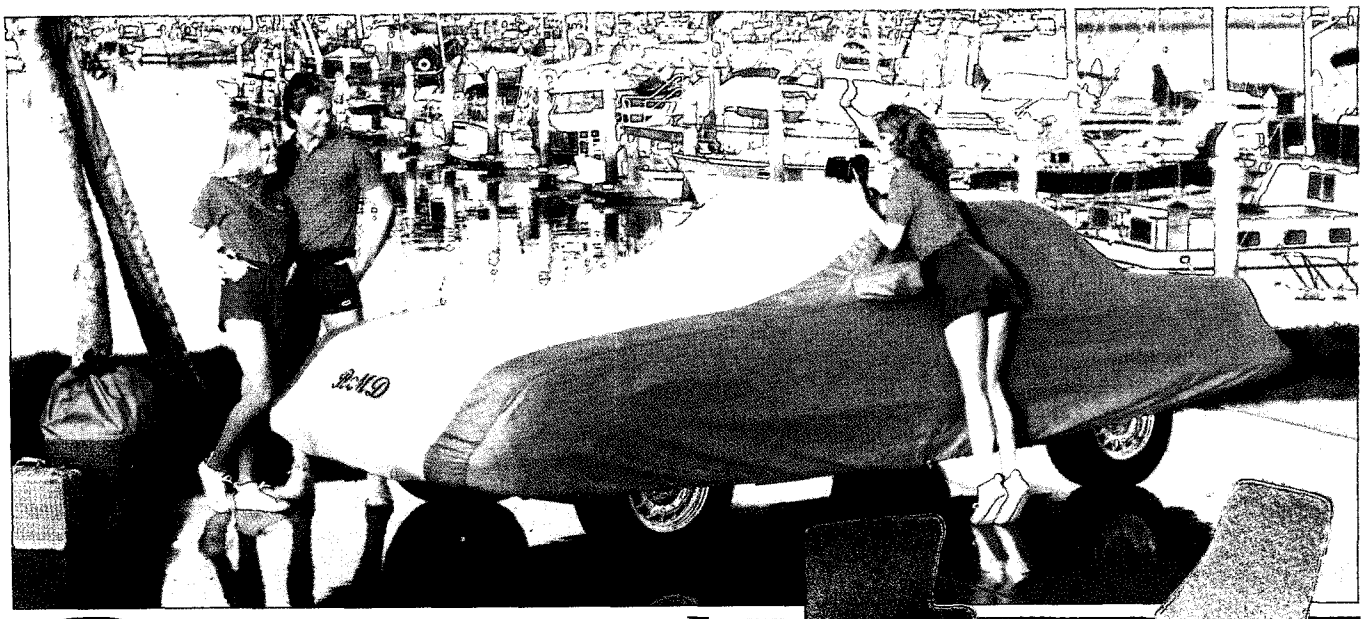

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This state-of-the-art protective cover is a bold departure from other covers you've seen advertised for many reasons other than the distinctive two-color styling and personalized imprints. It's made from a breathable, specially treated, water-resistant poly/cotton material; thicker, softer and more durable than material used in any cover, sold at any price. Custom-tailored to your car, it features fitted mirror pockets and seams that are double-stitched with a special thread that expands to seal the seams when it gets wet. We've even sewn a wide elastic band into the bottom edge that keeps your cover snug and tight-fitting on the windiest of days.

CHOICE OF 4 IMPRINTS

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Car 54 Where Are You?

Maximum detection range is wonderful, but it's far from the whole story. In some ways, radar detectors are like smoke alarms; you want to make sure that you don't miss anything, but you don't want a lot of false alarms. ESCORT won't disappoint you. Beyond that, when a smoke alarm sounds off, the most pressing thing on your mind is: Where is the fire? Is it ahead of you, behind you, above you, or below you? In the same room, or at the other end of the house? Your senses can help you find fire, but, on the highway, you can't feel or smell radar. ESCORT is your sixth sense.

Hearing Is Believing

ESCORT reports its findings straight to your ears in a way no other detector can match. Its vocabulary includes a Geiger-counter-like pulsating rhythm that relates radar intensity in a smooth, natural, and intuitive manner, making it easy to sense the distance to radar. It can tell you if radar is ahead of you, behind you, or even traveling along with you in traffic. ESCORT also speaks different languages for each radar band. Since the two bands behave differently, the distinctive tonal differences eliminate surprises. You'll even be able to tell "beam interrupter," "trigger," or "instant-on" type radars from other signals just by the sounds they make. Ditto for radar burglar alarms and door openers. ESCORT has a lot to say, and we've developed a new way for you to get acquainted quickly.

Play It, Sam

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